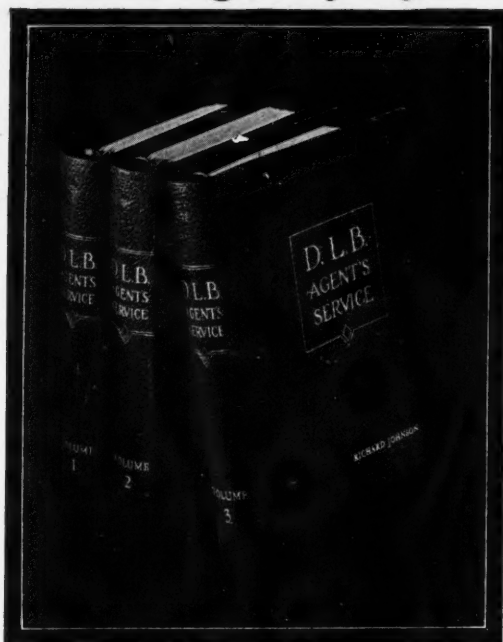


# The NATIONAL UNDERWRITER

*Life Insurance Edition*

Insurance Library B-40  
 The "Cream of the Business," the Backbone of the Agency System, are Using the **D.L.B.**



## AGENT'S SERVICE

**85% of Subscribers to This Service Have Been in the Business Two Years and Over and Average \$197,000 of Paid-for Business**

### HOW DO THESE "TOP" MEN USE THE SERVICE?

(1) As a source of new selling ideas, (2) as a help in unusual cases, (3) as a Reference Work for general information and (4) as a stimulator or personal motivator.

### DO NEW IDEAS LEAD TO AN IMMEDIATE PROFIT?

The answer is emphatically "Yes". More than five thousand subscribers have written at one time or another during the past two years and many state that they have closed at least one sale and others say that ideas taken from the Service have helped them to close 10, 20 and 30 cases.

Excerpts from these enthusiastic statements have been printed in a booklet "Subscribers Say". If you are now writing \$100,000 or more, or if you are a Manager or Supervisor send a penny post card for this free booklet.

Don't deprive yourself of the Agent's Service on the general proposition that no printed matter will help YOU . . . . because it will, you know it will, and by their own words, it is now helping many of the best Agents, Supervisors and Managers in the business.

GOOD men make GOOD money with GOOD ideas. Good NEW ideas will help YOU to make more money . . . . and make it easier.

The Chart below gives a picture of subscribers which are arranged in four groups. Since the better men tend to reply to a straw vote questionnaire, these figures may be off 2%, perhaps 5%; say they are off 10% if you want to, they still indicate that the best men in the business are using this Loose-leaf Monthly Selling Service.

	Percentage of Total Subscribers	Average Production	Average Policy	Age
Group I Less than \$100,000	15%	\$ 59,627	\$2,332	36
Group II \$100,000 to \$150,000	26%	124,337	2,790	37
Group III \$150,000 to \$250,000	36%	190,377	3,159	43
Group IV Over \$250,000	23%	289,783	7,109	41
Averages		\$166,031	\$3,847½	39½

### Length of Time in the Business

15% have been in Life Insurance less than 2 years  
 20% have been in Life Insurance 2 to 5 years  
 23% have been in Life Insurance 5 to 10 years  
 42% have been in Life Insurance 10 years and over

38% of subscribers are Managers, General Agents, Superintendents, Supervisors or District Managers. These subscribers use the Service (1) in preparing for Agency Meetings, (2) training the new man, (3) directing the study of older men and (4) in answering questions, developing sales talks, etc. Study Guides furnished with each subject make the Service easy to use . . . 3 volumes, 900 pages, 14 subjects, brief, concise, indexed.

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## THE D. L. B. AGENT'S SERVICE

420 EAST FOURTH STREET

CINCINNATI, OHIO

FRIDAY, NOVEMBER 3, 1939



## Why do young, unmarried men own Life Insurance?



**THE NEED** "Why did I buy life insurance? Well... first, because I wasn't saving any money. Usually I spent it as fast as I made it. Now and then I saved up for something I wanted to buy. But of course that didn't get me anywhere. What I needed was a long-range plan. And my life insurance policy gives me that, because I have to save money for the premiums regularly.

"But that wasn't all. My mother has done a lot for me and I wanted to do something for her. So I named her the beneficiary of my policy. Of course, some day I suppose I'll get married. And when I meet the right girl I believe she will have enough common-sense to know that a life insurance policy means a lot more than a carload of orchids.

"Another thing. Some day I may want to go into business for myself, and have to borrow money. I understand that in passing on a loan some banks ask whether you own any life insurance; and I have heard

that when you apply to some of the big corporations for a job they ask the same question. So, I figure that some day my policy may help me to get ahead in business or to land a better job. Any way you look at it, I think it's a good thing.

**THE POLICY** "Of course I hardly knew one life insurance policy from another. But when a New York Life agent called I talked things over with him. He explained the benefits and the premiums, dividends, loan values, and so on. He said that young men usually took an Ordinary Life policy, or Limited Payment Life or a Long-Term Endowment. After he had asked me a number of questions and gone over my situation thoroughly, he recommended an Ordinary Life policy for \$5,000 because it gives more permanent protection per dollar of premium than any other life insurance policy.

"Well, \$5,000 seemed like a lot for me, and at first

I didn't think I could handle it. But I found that the premium at my age would be about \$100 a year, and I knew I could save that much if I tried. So, that's what I'm doing. And I'm going to leave all my dividends with the Company, because if I do this, my policy some day should be worth \$5,000 to me in cash.

"One more thing. Every year you wait, your premium rate goes up. So I am glad I took my policy when I did... Yes, I feel that the New York Life agent did me a good turn."

**THE COMPANY** Young people under age 30 bought approximately \$190,000,000 of life insurance last year in the New York Life Insurance Company. Many of these policies were taken by young men whose fathers also were policyholders in this Company. The New York Life has insured the lives of succeeding generations of American citizens since it was founded as a mutual company more than ninety-four years ago on April 12, 1845.

Throughout those years the New York Life has weathered every panic, war and epidemic... and has met every obligation it assumed. The Company is in a strong financial position, and its insurance and annuity reserves are on the most conservative basis used by American life insurance companies.

In view of the Company's past record and present strength, a New York Life policy should be one of the best investments which any young man could make.

# NEW YORK LIFE

## INSURANCE COMPANY



*A Mutual Company Founded on April 12, 1845*

THOMAS A. BUCKNER, *Chairman of the Board*

51 Madison Avenue, New York, N. Y.

ALFRED L. AIKEN, *President*

*Safety is always the first consideration . . . . Nothing else is so important*

THE NATIONAL UNDERWRITER Life Insurance Edition. Published weekly by The National Underwriter Company. Office of publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. Forty-third year. No. 44. Friday, November 3, 1939. \$3.00 per year, 15 cents per copy. Entered as second class matter, June 9, 1900, at the post office at Chicago, Ill., under act of March 3, 1879.



## Battle Cries Are Uttered at Chicago

### Agent Is Looking to Headquarters for Leadership

#### Jerome Clark Says Producer Wants Present Day Distractions Brushed Away

The agent is anxiously looking towards headquarters for leadership towards brushing aside the present day distractions from the service which he performs and the agent and his job are worth fighting for, according to Jerome Clark, vice-president Union Central Life, who addressed the annual meeting of the Research Bureau-Agency Officers at Chicago in his capacity as chairman of the executive committee of the Agency Officers.

Some pretty loud voices have been heard lately, he observed, advancing the revolutionary idea that the agent is no longer necessary to the life insurance sale. These critics contend that the sole reason for the existence of the agent and the sole service that he has rendered was his missionary work in convincing the people that insurance is a scientific financial instrument. Therefore, they argue, since everyone accepts the life insurance principle, the missionary work is done and the agent has outlived his usefulness.

#### Savings Bank Argument

One group of critics is advocating savings bank life insurance over the counter. Another group is seeking to make capital of the lapse ratio and the considerable number of policies that go off the books.

The critics are seeking to create the impression that the public is being over-sold on life insurance, that the people are being pressed and badgered and nagged by agents into taking policies that they do not want or need. They charge that the distribution system is misdirected and extravagant and that the activities of the agent are more in their own interest than in the public interest.

Mr. Clark asserted that against all the voices that are today preaching waste and extravagance in an effort to get the economic gears to mesh, "if you will listen closely enough you will hear just one voice raised which is speaking thrift—the life insurance agent."

#### Voice of Agent Voice of Thrift

"Against all this clamor for spending money," he said, "you will find just one man going against all this clamor for spending money," he said, "you will find just one man going up and down the land saying 'Don't you think it would

### Linton Treats Insurance View of Social Security

Due to the conflict of opinion that has been evident in the business during the past few weeks as to the attitude that insurance should take towards the revised social security scheme, the discussion on the point that was conducted at the Wednesday morning session by M. A. Linton was one of the most important and closely followed features of the convention of the Research Bureau-Agency Officers in Chicago. Probably there is no insurance man whose word on this subject would be more significant. Mr. Linton is president of Provident Mutual Life and was a member of the social security advisory board.

Mr. Linton declared that the recent amendments represent a distinct improvement, as they are keyed more realistically to social needs. The insurance business could not have fought these amendments, he said, in good grace. Only about 25 percent of those covered under the act constitute prospects for ordinary insurance and insurance would have been shortsighted if it had demanded the exclusive right to canvass the 25 percent within its range.

#### Don't Scold Congress

Mr. Linton warned against insurance men making the statement that the act still does not provide adequate coverage. Of course, it doesn't provide adequate coverage. All that social legislation should do is to provide a basic minimum, leaving the balance for private enterprise and thrift. "We should not indicate we are scolding Congress for not having gone far enough," he said.

Insurance men, he said, cannot ignore the act. When checks begin to go out to widows and orphans, keen public interest will be aroused and questions will be asked. The insurance men should be in a position to answer those questions.

Mr. Linton said the business should not adopt a defeatist attitude "that we are licked because the act is on the books."

be a good idea to save a little money?" Against all the pressure blocs demanding an old age handout of one kind or another, you will find just one man saying, 'Here's how you can provide for your old age.'"

The voice of the agent is the voice of thrift and that voice should be raised higher, according to Mr. Clark.

It is true that people lapse their policies, that men lose their jobs and can't pay their premiums. The companies can't help that but they can point to thousands of families tided over unemployment by the value of their policies. There is many a family being kept together on insurance money because someone encouraged self sacrifice.

It is true the agents push hard in selling insurance. Frequently the agents have to make the prospect sign the application. If that is overselling, Mr.

Mr. Linton said there are about 10,000,000 self employed persons and owners who do not come under the act. This group is extremely important to insurance. That great group is available for private life insurance, and they are likely to become more responsive to income presentations.

The function of insurance is to supplement the basic minimum, he said, and there is no end of things that can be brought out to sell additional insurance.

#### Low Income Group

Mr. Linton pointed out that in 1937, 74 percent of the men under the act received wages of less than \$1,500. This is the group that will benefit immeasurably from the act and life insurance could never, he said, have covered them as well as they are covered by social security.

Mr. Linton said the insurance business can well support the type of legislation represented by the federal scheme with its dependence upon contributory principles because the alternative might be such destructive and dangerous schemes as that contained in the so-called Bigelow proposal in Ohio.

#### Which Comes First?

O. J. Arnold, president of Northwestern National Life, inquired whether it might not be wiser to cause persons to think of life insurance as basic and look upon whatever benefits they may eventually receive by way of social security as supplementary rather than thinking of social security as basic and insurance as supplementary.

Mr. Linton agreed that it is wise to cause people to think of social security as "velvet," but he voiced the belief that it may be a difficult idea to get across except to a few "thinking people."

A. H. Kahler, vice-president of Indianapolis Life, agreed that the business should not take a defeatist attitude. "We can now furnish some top dollars above minimum benefits," he pointed out.

Clark said, he is glad of it. There is many a widow who is thankful that some agent tried just a little harder and there is many a family for which the future would be dark if life insurance were bought over the counter.

#### Critics Should Be Resisted

Those who say there is no place for the agent are striking at the pocketbooks of insurance men and striking at the integrity of the public service that he performs. Such critics should be resisted, he said.

One of the most important jobs facing the business today is to give the public an understanding of the value of the service that the agents render. It is therefore gratifying that the Institute of Life Insurance is now operating in a coordinated effort to make clear to the

(CONTINUED ON PAGE 17)

### Fighting Spirit Is Manifested by Agency Officers

#### Research Bureau and A. L. A. O. Hold Convention Against Scary Shadows

Against a background of disquieting shadows, with the TNEC investigation as the most sinister, the annual joint convention of the Association of Life Agency Officers and the Life Insurance Sales Research Bureau was held in Chicago this week.

A fighting tone was manifest throughout the proceedings. These meetings are noted for the frankness with which problems of agency management are exposed, weaknesses defined and admitted in an effort to find solutions, but now that the critics are seeking to distort those weaknesses into wickedness the agency officers are talking more about the virtues of the business and the fundamental service that is performed. Those who uttered particularly effective battle cries were Dr. Claude L. Benner, vice-president of Continental American Life, who made a heroic speech against a physical handicap, and Jerome Clark, vice-president of Union Central Life, who made a fervent appeal to save the day for the agent.

The program was diversified and the audience sat through the sessions faithfully. The agency officers appreciate the critical situation that they now face and the responsibility that rests upon them and they valued the program this year and the informal conversations with one another as never before.

New directors elected by the Life Agency Officers Association are W. Carlisle, Mutual Life of Canada; Francis L. Merritt, Monarch Life, Mass.; and John H. Evans, Ohio National Life.

A. E. Patterson, Penn Mutual Life, is the new chairman and Gordon C. Cumming, Monarch Life of Canada, vice-chairman.

Registrations exceeded 400.

#### Whatley Opens the Sessions

S. T. Whatley, vice-president of Aetna Life, in his capacity as chairman of the executive committee of the Research Bureau, opened the first session Tuesday morning. He called to the rostrum W. M. Dewey, president of the Edgewater Beach Hotel, who extended greetings and invited the group to be guests of the hotel at a reception Tuesday evening. Mr. Whatley then delivered his message as chairman. During the course of his talk he called upon the group to rise in memory of James

(CONTINUED ON PAGE 25)

## O. J. Arnold Discusses Agency Compensation

O. J. Arnold, president Northwestern National Life, gave a notable address before the Association of Life Agency Officers and Life Insurance Sales Research Bureau in Chicago, giving some observations on the new plan of agency compensation that his company has put into effect and which he devised. He discussed some of the principles that should underlie agents' compensation plans which he stated will reward service better than has been done in the past. He said in part:

"I say that because even though Northwestern National has announced a new plan of compensation, we by no means consider that we have the problem finally solved. Indeed my own conviction is that we have taken only the first tentative steps along the road of what will ultimately prove to be a long-time evolution in our compensation for agents and for general agents as well. At present, we are all bound by our contracts to pay these men on the old basis. Facing that fact, all we at Northwestern National could do was to offer our agents an alternative plan with the guarantee that we would pay them an amount at least equal to the earnings to which they were entitled under their contracts.

### Thinking Will Be Altered

"To my mind the most important thing we have done in introducing our new plan of compensation—aside from certain new principles it establishes—is to alter the agent's compensation in such a way as to have a powerful effect in altering his thinking about his job. Whether his altered thinking will evolve into a more realistic approach to the question of what is good selling, what is good business and what is sound from the standpoint of his own public relations, only time and our vigorous follow-up efforts will tell. But we do believe that where the agent's compensation leads, there the agent is likely to follow; and conversely, we believe it takes ten times the effort to lead an agent in the direction we want him to go if, by chance, his compensation leads in the opposite direction. The principles we are attempting to establish and the direction in which we are endeavoring

to lead our agents are, to my mind, very important.

"Perhaps I can best get at a few of these principles by stating four or five fundamental questions about compensation of agents—not endeavoring to relate



O. J. ARNOLD

them at all to the processes which we went through in preparing our plan. And to highlight these questions, I am going to put our old system of compensation—a 55 percent graded first year commission and nine 5 percent renewal commissions—to the test of these questions. I do not want to appear to be in the position of condemning the old system of compensation, which has served a very useful purpose even though most of us, I think, agree that it is in need of some changes and alterations. Rather, I want to lay emphasis upon the fundamental things which our compensation should be accomplishing, and I ask you especially, therefore, to consider the conclusions we reached.

"The first question is this: Does our compensation gear our agent's efforts directly to our means of making a

profit? When I speak of profits I am referring to the contributions made to the company's surplus and subsequently reflected in lower costs to policyholders.

"We were not satisfied with the earnings of our agents. We felt their time and efforts deserved greater pay, and we had given serious consideration to increasing their pay. But we realized we would not be able to continue such an increase for long if our agents continued to do just the same kind of a job they were already doing. Hence we wondered if our compensation was really geared to encourage the agent to do the most profitable kind of a job he might do for us. It appeared to us this question was fundamental.

### Profits from Renewal Premiums

"Consideration of the question reveals some far-reaching truths. Profits in the life insurance business are made from renewal premiums. Though we sometimes confuse the issue by stating that a policy becomes profitable only after three or four or five premiums have been paid, the real fact is that each and every renewal premium pays a profit and it takes the profit on two, three or more renewal premiums to cover the loss on the first premium. And the important thing to remember is that the one is a source of loss and the other a source of profit in our operations.

### Failed to Meet the Test

"Putting the old compensation to the test, we could only conclude that it failed to meet the test of gearing our agent's efforts to our means of making profits. Assuming our agent had the choice of reselling a policy about to lapse and selling a new policy, he would always be likely to choose the new premium. We could only conclude, therefore, that our agent's compensation failed to focus on our real source of profit. We recognized, of course, the importance of new business and that new business is needed for any life company. We were aware that the New York law recognized this fact even though it was intended to place a curb on new business expansion. We were not so much concerned with the 50 percent first year commission—which might or might not be a just return for the agent's efforts—but we were concerned that the profit portion of the job, the protection of the renewal premium, suffered so severely by comparison. And we were concerned also that maintenance of the old plan would

(CONTINUED ON PAGE 27)

## Basis for Fixing Surrender Charge Time Limit Studied

NEW YORK—Provisions have not yet been worked out for the bill to be offered by the New York legislature's insurance law revision committee which would change the entire surrender charge setup for ordinary and industrial companies operating in New York but Superintendent Pink said, in answer to inquiries, that the proposed law would be such as to change considerably the practices of some companies. At the same time the change would not be so drastic as to necessitate payment of the full reserve after the policy had been in force only a few years.

The bill will be aimed not so much at the amount of the surrender charge but at its continuance after the acquisition cost has presumably been liquidated. Chairman Piper of the joint legislative committee on insurance law revision said, in announcing that the committee would offer such a bill, that after a policy has been in force a certain length of time the acquisition costs have been taken care of and from then on there is no reason why surrender charges should be continued.

### Study Being Made

A study is being made to determine at what point a new policy has repaid its cost of acquisition. The present New York law permits a surrender charge up to \$25 per \$1,000 of face amount or 20 percent of the reserve, whichever will result in the higher surrender charge. The new code which goes into effect Jan. 1, 1940, continues the \$25 per \$1,000 charge but eliminates use of the reserve as a basis for computation. No time limit is specified but the practice of many companies is to taper down the surrender charge so that the full reserve is paid the 20th policy year.

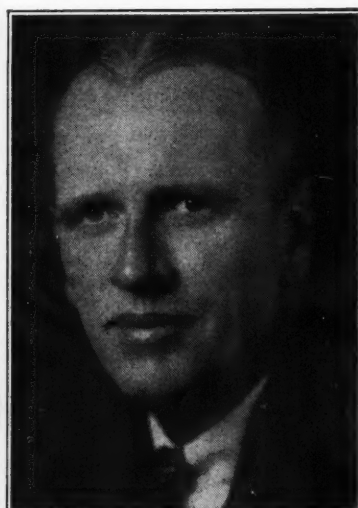
Companies have apparently followed two philosophies in fixing their surrender charge scales. Those making a low charge take the position that the resultant higher cost to persisting policyholders is offset by the value of the privilege, even if unutilized, of withdrawing early at a minimum loss. The other group reasons that the faithful persisting policyholder should be rewarded and protected from having to carry the burden of those who do not persist.

## In Spotlight at Research Bureau-Agency Officers Parley



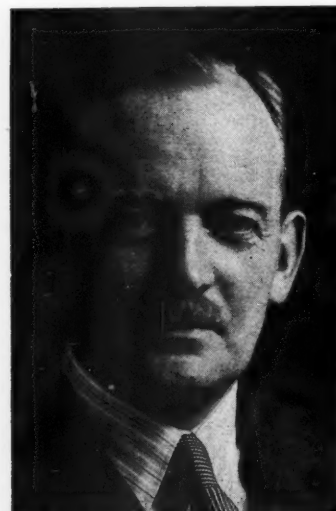
S. T. WHATLEY

At the annual joint meeting in Chicago this week of the Research Bureau and Agency Officers Association, S. T. Whatley, vice-president of Aetna Life, presided at the opening session as chair-



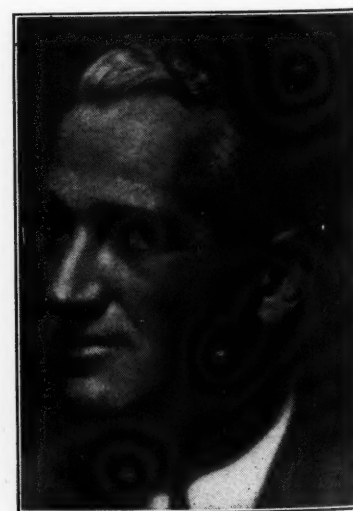
JEROME CLARK

man of the executive committee of the bureau. Jerome Clark, vice-president of Union Central Life, was in charge of the Wednesday sessions as chairman of the directors of the Agency Officers. At



S. C. McEVENUE

the final meeting Thursday morning the presiding officer was S. C. McEvenue, general manager of Canada Life, as chairman of the directors of the bureau. The newly elected chairman of the



A. E. PATTERSON

directors of the Agency Officers is A. E. Patterson, vice president of Penn Mutual. During the past year he served as vice-chairman, performing in an able and conscientious manner.



## Holgar Johnson New Head of Institute of Life Insurance

Announcement Is Made at a Luncheon at Which T. I. Parkinson Presides

NEW YORK—The appointment of Holgar J. Johnson of Pittsburgh as president of the Institute of Life Insurance, organized by 85 leading life companies in all sections of the country, in a coordinated effort to serve better their millions of policyholders and the public, was announced Monday at a luncheon at the Waldorf-Astoria, given by T. I. Parkinson, president of the Equitable Society and a member of the Institute's board of managers.

### Holgar Johnson's Statement

In accepting the appointment, Mr. Johnson stated:

"The life insurance business stands today on the threshold of an adventure which should bring to it a greater period of usefulness than it has ever enjoyed, in spite of the fact that it now occupies the position of being the greatest single force in America to provide economic security for the American people through individual enterprise and initiative."

While life insurance has always attempted to serve the public well, since the public is its only reason for existence, Mr. Johnson emphasized that "we have a responsibility to make the public understand more adequately that life insurance is a device which society uses to provide for its own security and, in reality, the life insurance business as such is the public's business."

Business today is quite conscious of its public responsibility, said Mr. Johnson.

### Public Should Understand

"Any institution of the magnitude of life insurance, which touches the lives of half the people of the nation and practically all the families, must be doubly careful that it does everything possible to fit into the public attitude and to create a true understanding of itself, for even though an institution performs superbly and lives a good life, it is necessary that the public understands that such is the case. The very fact that we are such an important social and economic factor in American life makes it absolutely necessary that the public has the proper understanding, not only of what we do but how and why we do it."

The Institute of Life Insurance was formed early this year, Mr. Parkinson stated, "to make available accurate information regarding the nature and function of legal reserve life insurance companies; to study the service performed by such companies to the end of rendering the greatest possible public service and to perform other such services as will lead to a better understanding and appreciation of life insurance." The selection of a president, he said, perfects the organization of the Institute to accomplish the purposes for which it was founded.

### Wilde Makes Announcement

F. B. Wilde, chairman of the Institute's board of managers and president of the Connecticut General Life, announced the appointment of Mr. Johnson at the meeting. After long consideration of a number of persons, Mr. Wilde said, Mr. Johnson was selected because of his wide experience in dealing with the public.

(CONTINUED ON PAGE 28)

## New Institute President Takes Post



Election of Holgar J. Johnson as president of the Institute of Life Insurance was announced at a luncheon given in New York by T. I. Parkinson, president of Equitable Society. The picture shows, left to right, John A. Stevenson, president Penn Mutual; Mr. Johnson, making acceptance speech; Mr. Parkinson and F. B. Wilde, president Connecticut General and the Institute's board chairman.

## Mortality Rates on Canadian Policies During World War

Mortality on policies sold in Canada with an extra rating for war service during the first world war was considerably greater than \$20 per \$1,000, according to those familiar with Canadian business. An article in THE NATIONAL UNDERWRITER for Sept. 8 stated that \$80 per \$1,000 was returned on these policies, the implication being that the extra premium charge was \$100. Apparently, however, cases in which \$80 was returned were those where the extra rating was \$150 per \$1,000, which was charged by the Canadian companies in the later years of the war. This would mean that the actual cost from the war risk ran about \$70 per \$1,000, a figure

which was close to the actual experience of some of the companies.

An inquiry addressed to L. K. File, chief actuary Canada Life, has brought the reply that one company found its actual experience required an extra premium of \$104 per \$1,000 and made a refund of \$50 per \$1,000 out of each \$150 per \$1,000 which was paid. He stated that in certain other companies the experience indicated that the cost ran from \$70 to \$80 per \$1,000.

### Sullivan Hurt in Crash

W. A. Sullivan, insurance commissioner of the state of Washington, suffered severe injuries in an automobile accident the other day. He was driving alone and crashed into a parked automobile. The newspaper reports indicate that Mr. Sullivan may have suffered an attack of some kind, causing him to lose control of the car.

## THE INGREDIENTS

Direct Mail policy histories show that Direct Mail business is staying business, provided it is done right. Successful users of Direct Mail strike a high average of accurate prospect diagnosis, and their sales therefore stick, a definite need having been covered. If names are listed regardless of their owners' probable situations, average good results will not be had. And the Agent, disappointed and not realizing that his was the fault, may circulate the judgment that Direct Mail is "no good."

Names that have the maximum prospect value. Careful following of Home Office instructions. Covering specific needs, whether lump sum or income. Use of organized sales talks. These are the ingredients of Direct Mail profit. And that profit is both immediate and deferred. And further profit is drawn from prospects supplied by name-list buyers who become centers of influence.

"There's usually only one right way to do a thing," is an old saying. And a true one about many things. Emphatically, Direct Mail is one of them.

\* \* \*

## THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY  
Chairman of the Board

JOHN A. STEVENSON  
President

INDEPENDENCE SQUARE, PHILADELPHIA

## Parkinson Grilled by Inquisitors at TNEC Hearing

Vice-president Coburn of the Southwestern Called Before Committee

By R. B. MITCHELL

WASHINGTON—Continuing in its now familiar vein of making accepted life insurance procedures look discreditable, the Securities & Exchange Commission got around to the agency practices phase of the material it is presenting at the hearings before the Temporary National Economic Committee.

The entire first day of the two-day hearing was taken up with questioning of President T. I. Parkinson of the Equitable Society. Such was the treatment accorded him that a few days later Mr. Parkinson referred to "the grueling that was handed me the other day through the power of the great government of the United States in the hands of reckless men."

### Arthur Coburn Is Heard

Vice-president Arthur Coburn of the Southwestern Life was the sole witness the second day, the hearing concluding at noon. In questioning Mr. Coburn the examiner, Gerhard Gesell, SEC special counsel, framed some of his queries so as to be sarcastic comments on the testimony Mr. Parkinson had given. Mr. Coburn was spared the usual maltreatment, since the SEC's purpose in calling him was to bring out certain of his views which the commission found to its liking.

After the opening formalities, Gesell began to dig into the matter of size, a subject to which he has always given much attention in his questioning. He wanted to know if so large an agency force as the Equitable's was not difficult for the president to keep in touch with, even through the agency department.

### Banks as Agents

Observers were particularly interested in what might be behind Gesell's asking Mr. Parkinson about the company's not making use of the national banks, since these have since 1916 been permitted to act as insurance agencies. Mr. Parkinson said he had heard of it but would not favor use of the banks. He said that in smaller localities where it is not practical to have a full time agent, someone in the local bank is frequently the company's representative but that he believed service would suffer if the bank itself were to be made the agent. As a practical matter, he mentioned that termination in the event of unsatisfactory service might be a difficulty. He said he would consider appointing banks a step backward in the development of the agencies of a life company.

"I take it, then, that because of these big, broad general considerations which you have just voiced, you have made no study of the problem on a strictly operating basis to determine the practicality of it and whether or not it would work," said Gesell.

### Question Had Been Weighed

Mr. Parkinson said that while no study had been made in the sense of a statistical analysis, the question had been given consideration from a practical point of view and the idea rejected.

"You never tried it, did you?" Gesell persisted.

"We never tried it, but you agree, I think, that there are some things that we are supposed, in the practical affairs

(CONTINUED ON PAGE 18)

## Reckless Men Hold Power in SEC Probe Says T. I. Parkinson

L. A. Lincoln and Julian Price Also Criticize Investigators' Methods

NEW YORK—Open criticism of the methods used in the monopoly investigation of life insurance by the Securities & Exchange Commission and the Temporary National Economic Committee characterized the speeches of three life company presidents at the luncheon at which appointment of Holgar J. Johnson as president of the Institute of Life Insurance was announced. The tone of the comments as well as specific statements made it clear that while the institute was formed as a general public relations agency for the business, one of its primary tasks will be to tell the side of the life insurance story which the SEC has suppressed for the sake of stressing the critical side.

President T. I. Parkinson of the Equitable Society said that he was about to start on a lengthy trip and that "the inspiration I received from the grueling that was handed to me the other day through the power of the great government of the United States in the hands of reckless men will stand me in good stead when I speak before large audiences."

### Not a Commodity

Mr. Parkinson said that the position he took in testifying before the monopoly committee was that the function of those in the life insurance business is not to sell a commodity to those who come and get it and carry it away but rather to apply the services of the agent to the needs of the individual who is to be served. He mentioned the missionary aspect of this sort of work, and added that "that idea seemed strange to the gentlemen of the monopoly committee and to the young gentlemen conducting the examination."

"Indeed, they were inclined to make a little fun of the missionary spirit in which they thought I was trying to envelop the life insurance business," he said, adding that while the missionary aspect had not been particularly on his mind at the opening of the testimony he felt it more than ever before by the time he had finished.

### Hostility to Salesmanship

"They expect you to make a reputation for extemporaneous wisdom and then if you attempt to really explain something they remind you that the witness is not expected to make speeches," he said, referring to the TNEC's procedure. "I very definitely got the idea that there is something hostile to the whole idea of distribution in American business—you know what I mean—salesmanship."

"Yet salesmanship has gone side by side with invention in building up the American standard of living. The man who makes a better mousetrap may have the world beating a path to his door but the guy who builds up something better than a mousetrap may not have a path beaten to his door unless he starts it from his end. How many of us went out and bought our first automobile or our first ice box? Salesmanship is an absolutely essential part of American business just as in life insurance and there is something hostile in this investigation to the whole idea of salesmanship."

Referring to the extolling of savings bank life insurance during the hearings and also to the suggestion that federal reserve banks be made life insurance agencies, Mr. Parkinson charged the

## National Association's New Committees Are Named

Paul C. Sanborn, Connecticut Mutual general agent, Boston, will be in charge of the convention program at the National Association of Life Underwriters' annual meeting in Philadelphia next fall. John A. Witherspoon, John Hancock Mutual Life, Nashville, will be in charge of the general agents and managers section and Beatrice Jones, Equitable Society, New York, will be chairman of women underwriters. William H. Andrews, Jr., Jefferson Standard Life, Greensboro, has been named chairman of the membership committee.

In naming 32 committees and 380 members to aid in his administration, President Charles J. Zimmerman, Chicago, has assembled the largest official family in the organization's history. The committee membership is widespread, representing 62 companies, 129 cities and all states.

### Wright to Aid

Continuing established precedent, President Zimmerman has invited Vice-President Harry T. Wright, Chicago, to share with him the responsibility of executive contact and the supervision of committee activity. The roster of committees has been divided into two general groups for this purpose.

Eleven special committees are included on this year's list, five more than in 1938-39. The following new committees have been appointed: Agents' compensation, cooperation with the National Association of Credit Men, cooperation with the National Association of Insurance Agents, Dr. S. S. Huebner testimonial, Research Bureau editorial advisory committee and special radio projects.

Of last year's special committees, the following have been continued: Cooperation with the American College of Life Underwriters, general agents and managers, life insurance information and National council meetings, and the "On to St. Louis" group has become "On to Philadelphia."

President Zimmerman has requested each committee chairman to draw up an outline of duties which will be presented to the special meeting of the trustees in New York on Dec. 13.

The chairmen of the 32 standing and special committees follow:

### STANDING COMMITTEES

**Agency Practices**—Clancy D. Connell, Provident Mutual, New York; W. K. Niemann, Bankers Life, Des Moines, and J. Hawley Wilson, Massachusetts Mutual, Oklahoma City, vice-chairmen.

**Business Standards**—Grant Taggart, California-Western States, Cowley, Wyo.

**By-Laws**—Sidney Wertimer, Prudential, Buffalo.

**Conservation**—Russell P. Thierbach, Northwestern Mutual, Cleveland.

**Convention Program**—Paul C. Sanborn, Connecticut Mutual, Boston, chairman;

Joseph H. Reese, Penn Mutual, Philadelphia, vice-chairman.

**Cooperation with Attorneys**—George E. Lackey, Massachusetts Mutual, Detroit.

**Cooperation with Trust Officers**—Paul H. Conway, John Hancock, Syracuse, N. Y.

**Cooperation with U. S. Chamber of Commerce**—Julian S. Myrick, Mutual of N. Y., New York.

**Credentials**—James R. Paisley, Travelers, Wheeling, W. Va.

**Education**—Herbert A. Hedges, Equitable of Iowa, Kansas City.

**Elections**—Alan McKeough, Ohio National, Chicago.

**Finance**—Walter E. Barton, Union Central, New York.

**International Council**—V. T. Motschenbacher, Sun Life of Canada, San Francisco.

**Law and Legislation**—C. Vivian Anderson, Provident Mutual, Cincinnati.

**Sub-committee chairmen**—Federal legislation, Julian S. Myrick, Mutual Life of New York, New York; state, Herbert A. Luckey, State Mutual, Indianapolis, and procedure, Charles A. McCauley, John Hancock, Detroit.

**Local Association Administration**—Earl F. Colborn, Connecticut Mutual, Rochester, N. Y.

**Membership**—William H. Andrews, Jr., Jefferson Standard, Greensboro, N. C.

**Past National Presidents**—Holgar J. Johnson, Penn Mutual, Pittsburgh.

**Publications**—Wilbur W. Hartshorn, Metropolitan, Hartford.

**Resolutions**—O. Sam Cummings, Kansas City Life, Dallas.

**State and Regional Associations**—O. D. Douglas, Lincoln National, San Antonio.

**Women Underwriters**—Beatrice Jones, Equitable Society, New York.

### SPECIAL COMMITTEES

**Agents Compensation**—Ray Hodges, Ohio National, Cincinnati; Philip B. Hobbs, Equitable Society, Chicago, vice-chairman.

**Cooperation with American College of Life Underwriters**—Irvin Bendiner, New York Life, Philadelphia.

**Cooperation with National Association of Credit Men**—Gerard S. Brown, Penn Mutual, Chicago.

**Cooperation with National Association of Insurance Agents**—Manuel Camps, Jr., John Hancock, New York.

**Dr. S. S. Huebner Testimonial**—Theodore M. Riehle, Equitable Society, New York.

**General Agents and Managers**—John A. Witherspoon, John Hancock, Nashville; Kenney E. Williamson, Massachusetts Mutual Life, Peoria, vice-chairman.

**Life Insurance Information**—John W. Yates, Massachusetts Mutual, Los Angeles.

**National Council Meetings**—Isadore Samuels, New England Mutual, Denver; J. P. McNeil, Mutual of New York, Jackson, Miss., vice-chairman.

**On to Philadelphia**—Karl E. Madden, Penn Mutual, Davenport.

**Research Bureau Editorial Advisory Committee**—Wallace N. Watson, Connecticut Mutual, Boston.

**Special Radio Project**—John D. Moynahan, Metropolitan, Chicago.

investigators with planning the "siphoning" of life insurance funds into the federal treasury and said that if the federal reserve banks were to go into life insurance they too would accept government I.O.U.'s just as in the case of social security.

President L. A. Lincoln of the Metropolitan Life said that any investigation which seeks only to bring out the critical side is unfair not only to the life insurance business, but to the policyholder and to the public. He said it is the duty of the investigators to bring out the good side as well.

"I'm afraid we can't rely on that, however," he said. "I'm afraid it will have to be left to an organization like this."

President Julian Price of the Jefferson Standard was less serious in his comments on the TNEC investigation but hardly less critical.

"I'm not much worried," he said. "I

think they've kind of made a mess of it—and I don't mind them knowing that I said so. They can't purge us even though they have tried it."

### Garnett to Michigan Department

LANSING, MICH.—W. G. Garnett has been appointed assistant actuary of the Michigan department under William Conley, actuary and second deputy commissioner. Mr. Garnett obtained his master's degree in actuarial science at the University of Michigan. He and Mr. Conley were both for a time in the actuarial department of the Central Life of Iowa. Mr. Garnett has been in the actuarial department of the American United Life for the past three years.

The Association of Stipulated Premium Life Insurance Companies, which about two years ago incorporated under the laws of California, has voted to disband.

## Social Security Is Not Sole Answer, Hohaus Says

Individual and Group Insurance Equally Important, Actuaries' Chief Holds

The social security project is and should be only one of three complementary insurance plans—of which individual and group insurance are the other two—which form a necessary part of this approach, Reinhard A. Hohaus, president American Institute of Actuaries, declared in his annual address at the semi-annual meeting of the institute at the Edgewater Beach, Chicago, this week. He emphasized that these plans are complementary, and not alternative. Each serves a definite, distinct objective, each constituting an essential component of the security structure needed to take care of the complex needs and desire for protection of all the people.

### Points to Delicate Situation

Mr. Hohaus pointed a real danger which may arise from the drift in some governmental quarters toward the thought that the government might provide all social security. A very delicate balance must be struck between two extremes, he said.

"In addition to presenting serious financial and economic problems, the provision of too much in the way of such benefits (from social security) stifles initiative, progress and the spirit to excel; it makes for general indifference and poor citizenship."

Mr. Hohaus said the big aim in providing social security benefits should be that they approach social adequacy for the assured and their families, that is, that they represent so far as practicable a basic layer of family protection.

"The benefits should therefore be related primarily to the individual's and his family's probable minimum needs to keep them from becoming public charges," he said. "This danger may be, and usually is, quite different from the level of protection set for the assured in either individual or group insurance."

### Might Threaten Democracy

"Failure to approach social adequacy on the other hand fosters unrest and even chaos—a desire to change the order of things in the hope that greater security will thereby be obtained. For a democratic people to draw the balance between the two extremes is often not an easy task. Yet it must find that balance, if it is to remain democratic, for neither extreme is a healthy state or an enduring one."

He said that the actuaries have a great responsibility toward working out proper social security plans, even as they have toward the individual and group insurance.

"The important part we have played to date in the brief history of social old age insurance clearly indicates," he said, "that we should be prepared to continue playing an active role as this and other plans develop and mature. Social insurance confronts us with new problems and responsibilities. We shall have to extend our study into new spheres, in order that we may become as fully and generally competent of our methods in this new branch of insurance as we are of those relating to private insurance."

"The importance of the actuary's role is clear, since the nature of the technical problems involved in all those plans requires the application of a special knowledge to insure their sound conception and operation."

(CONTINUED ON PAGE 19)



## War Effect on Life Insurance Reviewed

**George Stennes of Minnesota Mutual Life Analyzes Various Angles of Problem**

ST. PAUL — Ways in which war affects life insurance were analyzed by George Stennes of the actuarial department of the Minnesota Mutual Life at the October meeting of the Home Office Life Club.

"In addition to the effect on the general mortality and the underwriting policy of the company," said Mr. Stennes, "other effects would include the economic effect; the personnel problem, such as loss of key men in company organization; agency problems, either because of necessary restrictions or for men being called to bear arms or by generally increased activity; increased taxes and increased office expense.

"Economically we might expect a loss in value of bonds or other securities. While these undoubtedly present a problem and certainly a headache to our investment men, the ultimate outlook is not black, for part of the bonds would eventually regain their former values.

### Personnel Problem Important

"The personnel problem might be thought out in advance to some extent. For example, for present replacements women might be hired and other employees trained to do the work handled by men most likely to be called to bear arms.

"Let us now look at the effect on general mortality. The additional mortality loss experienced by companies is hard to estimate, in spite of material available from the world war. The actual war claims received by United States companies were so few that they are of no statistical value. However, additional information of interest has been made available on this subject."

Mr. Stennes then quoted from figures compiled by R. D. Baldwin of the Sun Life of Canada and presented before the Actuarial Society. He continued:

"We might wonder how the United States experience may follow these figures. Past history may not repeat itself. Modern methods of warfare may mean less loss of life among combatants but they probably would affect to a greater extent non-combatant elements. To some extent, however, casualties are held in check by improved medical knowledge. Also, if war is followed by an epidemic, it is hard to see where the effect of war ceases.

### Underwriting Aspects

"Turning now to the underwriting aspects of the problem, we find that this is handled by placing restrictions on questionable cases. These restrictions take the form of war clauses. They may take on two principal forms. They may provide for an extra premium to cover the additional hazard of war, or they may limit the amount to be paid as a death claim in the event of death as a result of war.

"In connection with those who may serve in forces of foreign countries, the underwriter must watch that he does not cover risks on lives of people who may return to their native land. Restrictions on travelers going abroad, if made, would be incorporated in a travel clause."

### MUTUAL LIFE OF CANADA PLAN

WATERLOO, ONT.—Any employee of the Mutual Life of Canada who enlists for war service will receive assistance from the company, the directors announce. An immediate benefit of full pay for one month after enlistment, without any deductions, will be followed by further salary continuation benefits during the entire period of absence. The amount to be paid will be adjusted by government allowances to soldiers, the difference making it possible for depend-

ents to carry on at home while the employee serves overseas. The board also announced positions will be retained for all those who enlist and the period of absence will be credited to the employee as service with the company when he returns.

### Estimate 1,500,000 Annuity Contracts Are in Force

About 1,500,000 annuities are now in force in the United States, calling ultimately for the disbursement of about \$550,000,000 a year, according to an estimate that was made by the Annual Message of Life Insurance committee. In 1938 actual payments were made by

life companies on more than 300,000 contracts exceeding \$112,000,000. That was greater by 12 percent than the record in 1937 and was the largest disbursement to date. In 1900 the payments under annuity contracts were at the rate of only \$4,000,000 a year. In 1910 the disbursements were \$7,000,000 and 1920 \$16,000,000.

### Installment Plan Purchases

About 500,000 contracts are being purchased on the installment plan, calling eventually for annual payments to their holders of more than \$300,000,000. Another \$100,000,000 of contracts have been purchased in a lump sum, calling for payment in the future of about \$50,000,000 a year and more than 500,000 group

annuity certificates are held by employees.

These figures are exclusive of regular life policies that are purchased primarily for creation of retirement income plans.

### Yates Addresses Civic Groups

John W. Yates, Los Angeles general agent Massachusetts Mutual Life, addressed the Santa Ana, Cal., Junior Chamber of Commerce and Wilshire Chamber of Commerce, Los Angeles, on "What's Right with America Today."

He also spoke on "Challenge of Today" before a joint meeting of the Santa Barbara Junior Chamber of Commerce and the Advertising Club.



### ... AND THE MEMORY LINGERS ON

Grown-ups remember the painful results of sudden falls. The desire to cushion the shock begins in youth and lasts for life. That's why thoughtful fathers quickly see the need for the John Hancock readjustment income plan when its features are explained.

Our national advertising in current magazines tells the story. Our practical sales kit contains all the tools for a dramatic personal application. As a result the readjustment plan is easy to explain... and sell.

*John Hancock*  
MUTUAL  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

**JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY**

GUY W. COX, President



A John Hancock advertisement promoting the readjustment income plan.

## Acceptance of New Industrial Table Amazes Legislators

**N. Y. Modifiers Find Sole Objection Is to Commission Differential**

NEW YORK—Representatives of the four industrial writing companies operating in New York state greatly surprised Chairman R. Foster Piper of the joint legislative committee on insurance law revision by offering no objections to a proposed law requiring companies to adopt a new and more modern industrial mortality table for valuation purposes on business written after Jan. 1, 1942.

The only point about which there was any argument in all the proposed bills was a provision in the industrial expense limitation bill which would compel companies to pay at least 5 percent smaller first year commissions on weekly business than on monthly and that monthly commissions could be no greater than ordinary. All industrial companies except the Prudential objected to the commission differential.

### Completed in Two Days

Lack of objections to the other bills enabled the committee to finish its hearings on the proposed bills the first day, leaving all the second day open for general comments on industrial and enabling the committee to complete its hearings in two days instead of the scheduled three.

Clashes between the CIO union organizers and the anti-CIO agents made the second day considerably more colorful than the first. Samuel Roth, Metropolitan agent and leader of the anti-CIO group, talked to an accompaniment of snickers from the CIO gallery. However, when one of Mr. Roth's statements drew a shout of "you're a liar," the committee promptly called down the hecklers.

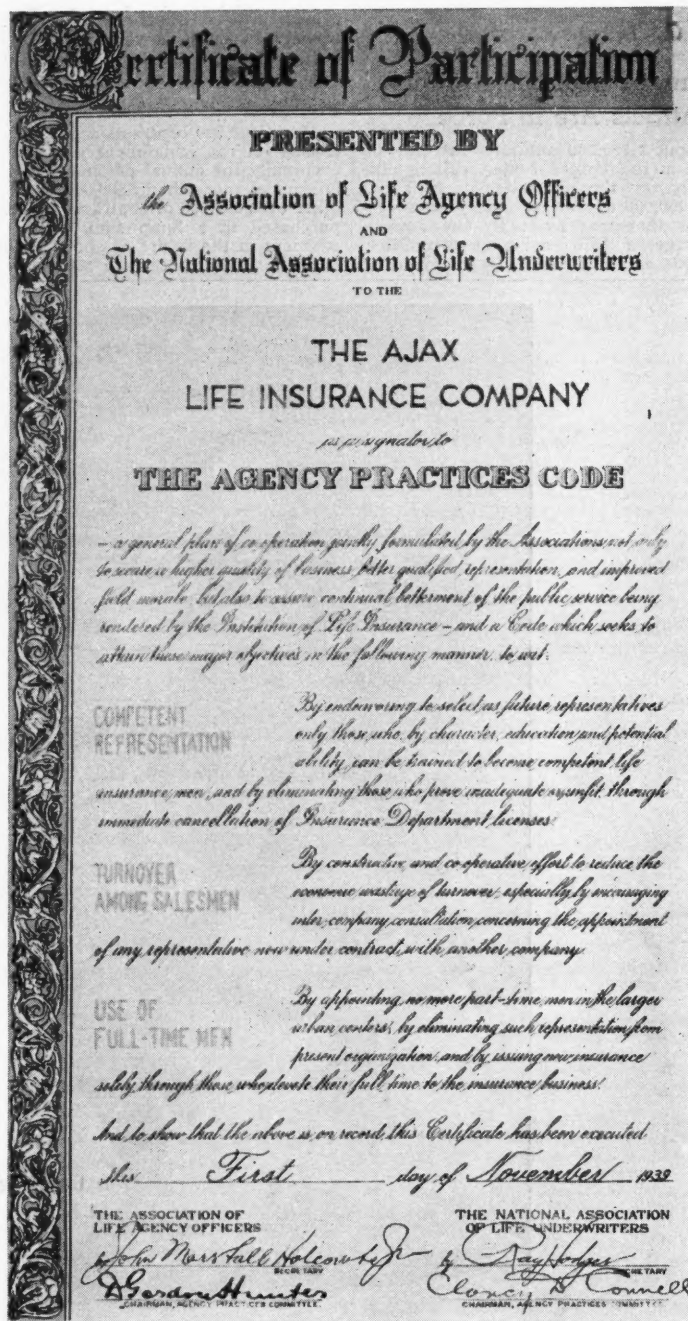
### Fight on Union Issue

Much time was taken up with the union question, in spite of Mr. Piper's suggestion that the question could better be brought up before the joint legislative committee on industrial labor relations. Organizer Leon Berney, however, insisted that the labor relations board cannot deal effectively with insurance companies because fines assessed against the companies do not hurt the management. He asserted that 80 percent of the industrial agents in the greater New York area are members of the CIO union. Mr. Roth challenged this statement, saying that if the union really had any such majority it would not be fighting the non-CIO agents' petition for a new election to determine the collective bargaining agent for Metropolitan Life agents in greater New York.

In addition to the industrial expense limitation proposal, bills considered by the committee included guaranteeing the insured the right to change from weekly insurance to monthly or ordinary on evidence of insurability; the right to change monthly insurance to ordinary insurance; mandatory use of the mortality table already mentioned; cash surrender value after three years; legalizing of additional compensation for conserving business in force. Because of a court decision in New York holding the latter point legal it was decided that it would be better to omit passage of a statute on this point.

Organizer J. H. Durkin of the CIO union contended industrial agents should be paid a guaranteed minimum salary.

## Certificate for Signatory Companies



This "certificate of participation" was unveiled at the meeting of the Research Bureau and Life Agency Officers Association at Chicago this week. It goes to signatory companies of the agency practices agreement and is intended to help to win non-signatory companies to join in the undertaking and to cause the signatory institutions to adhere more religiously to the principles. It was de-

signed jointly by the Life Agency Officers Association and the National Association of Life Underwriters. It was introduced to the convention by D. Gordon Hunter, vice-president of Phoenix Mutual Life in his address. Mr. Hunter is chairman of the agency practices committee of the Agency Officers Association. Sixty-two companies have signed the agency practices agreement.

He quoted Associate Actuary A. L. Feay of the New York department as saying that such a basis could be worked out.

Several of those at the hearing came prepared to speak on the insurance counsellor situation but Chairman Piper said that the committee will hold an all-day hearing on it Nov. 16. New York has now no statute dealing with counsellors. While some, including M. H. Siegel, operator of Policyholders Advisory Council and probably the most prominent of the counsellors, would like to see this type of business licensed by the state, others hold that even the strictest licensing system could only curb the most flagrant abuses and would leave the rest of the counsellors

in a position to advertise themselves as licensed by the state and hence, by inference, entitled to the confidence of the public.

### Department to Bill for Services

COLUMBUS—Hereafter the Ohio department will send statements each week to insurance companies and agencies for services rendered. Heretofore, companies and agencies have made a deposit in advance, from which fees were deducted and refunds made. The attorney general held that the department has no authority to collect money in advance nor has it authority to make refunds. These must be made through special appropriations by the legislature.

## Earnest Effort Made to Promote Persistency

**Bossert Reviews Study of Group Devoted to Improving the Record**

That the life companies individually and through organization are earnestly seeking to improve the persistency record, was brought home emphatically in the address given by Henry Bossert, Jr., at the meeting of the Research Bureau-Agency Officers in Chicago this week. Mr. Bossert is manager of the agency research department of Provident Mutual Life.

During the past year a group of agency executives, he said, has been collaborating in attacking the persistency problem. Mr. Bossert is chairman of that group.

Mr. Bossert said that the companies have censured themselves and have been censured too severely because of the termination rate. As a matter of fact, a good many of the terminating policyholders have consummated a plan even though technically the policies have not lived their full lives. The tremendous volume of surrender values represents benefits that are frequently just as useful as death benefits.

### Better Than Resistant Policy

"We would be more subject to criticism," he declared, "if we had a water tight method of preventing cancellations, except by death or maturity, than we are now in opening up the sluiceways to take care of emergencies which may or may not have been in mind when the insurance was purchased." Insurance can be proud of paying out surrenders in significant amounts in difficult times. However, the business must continue to educate the public to a greater appreciation of the long time characteristics of their insurance. So long as there is any substantial percentage of the business that lapses before it has non-forfeiture values, a problem exists.

Mr. Bossert observed that there is a growing interest by investigators of life insurance in lapses and the social consequences. The public should not be led to believe that the viewpoint of the company and of the public is opposed. The interest of the public, of the agent and the company are the same. All lose when an early lapse occurs. The agent loses commissions and good will. The public pays the surrender charge. A lapse or surrender resulting from lack of policyholder interest is a symptom of the disease of public non-acceptance which makes it more difficult and expensive for the company to do business.

### Criticism of Pressure Sales

Mr. Bossert said that life insurance is frequently scolded for putting pressure on sales. Much lip service has been given to the idea that the pressure is too high, he said. Mr. Bossert asked whether the present agency system would have continued 100 years under competitive conditions if it were as wasteful as some allege. The malpractices that do exist should not be defended, but on the other hand they should not be accepted as typical of the business. The very fact of an interest among companies in promoting the sale of persistent business is a recognition of a problem and an attempt to solve it. But the interest is in the direction of improving the quality of sales, not in reducing the quantity of them. "We do not concede for a minute that the work-

(CONTINUED ON PAGE 19)



## Agency System Has Been Justified

**Zimmerman Points to Record But Urges Concentration on Improvements**

The American agency system has thoroughly justified its existence by helping the American public to put in force over \$110,000,000,000 of protection, C. J. Zimmerman, president National Association of Life Underwriters and Chicago general agent Connecticut Mutual, told the Life Agency Officers at the Chicago meeting this week. The only difference between life insurance in this country and the rest of the world is the agency system, but the United States owns 70 percent of the world's life insurance while having only 7 percent of the world's population, he said. The factors of interest earnings and mortality savings in other countries are identical with our own.

Mr. Zimmerman closed his paper on "Concentration on Making Successes," in which he discussed various factors of the job before American life company executives and field men, by commenting on the TNEC probe.

### States Business Objective

"Every business must have as its ultimate aim the distribution of the best quality products at the lowest possible cost for the benefit of consumers," he said. "In the sale of a tangible product this is made possible as the result of American inventive genius backed by creative salesmanship and advertising, which in turn creates a wider market and makes possible the saving effected by mass production, so that the public receives a better product at lower cost."

"In our own business the cost of the product is based on three primary factors: (1) The interest which we may safely earn on policyholders' funds; (2) mortality savings which we may effect, and (3) our overhead. The first of these factors is not within our control. Certainly in recent years our margins have narrowed in this field."

"The second of these factors has been very well standardized by intelligent selection in the field and scientific underwriting in the home office. This leaves only the third factor, namely overhead, over which we have direct control and concerning which we may make further progress."

### Company Officials Farsighted

"The field forces are anxious that we continue to make such progress."

"The field men applaud the home offices for having had the foresight many years ago to establish the Life Insurance Sales Research Bureau. It is particularly fortunate, at this time that the American agency system is being questioned in certain quarters, that we can point to the fact that for many years we have had such an organization to study the problem, such as selection, training, supervision, compensation and morale building, and that real progress has been made. For only as we make progress in our distribution methods can we effect savings to the policyholders."

"The field forces recognize that these problems are complicated. They are entirely willing to be patient, but they strongly believe that we must continue to press the policy of self-study and self-examination, because it will pay excellent dividends to the policyholder, the field forces and the institution itself in eliminating waste and inefficiency wherever it may exist."

### Discusses Aptitude Index

Mr. Zimmerman discussed the aptitude index which was developed by the Sales Research Bureau, and told how he thought it best could be used. The best part about it, he said, is that it is an impersonal, scientific measuring rod.

A by-product of the aptitude index is in overcoming the periodical business

## Interesting Parley Between Attorneys and Insurance Men

PITTSBURGH—The Allegheny County Bar Association filed complaint in the Pittsburgh court of common pleas against the Phoenix Mutual on the ground that some of its agents were infringing on the domain of attorneys and giving counsel that under the law must be the province of attorneys. The situation was created because of a letter which was sent out by the Pittsburgh office, commenting on the fact that a number of Phoenix Mutual policyholders had had their wills revised through initiative efforts of agents in the locality. The letter as worded gave an incorrect impression that wills were prepared under the direction of the agents, whereas it is a matter of fact in every instance that wills were drawn by Pittsburgh attorneys who were paid for their services.

### Zerrahn Visits Pittsburgh

Paul Zerrahn, agency assistant from the head office, came here for the purpose of attending a joint meeting with the six members of the Allegheny County Bar Association who filed the complaint, representatives of the Pittsburgh Life Underwriters Association who were on the committee for cooperation with attorneys, and C. H. Blair, Pittsburgh manager of the Phoenix Mutual. The Phoenix Mutual training material was gone over in great detail. It was pointed out just what the company was trying to accomplish, showing that it brought business to attorneys because it was the deep seated belief of the management that a competent attorney should always be the one to draw a will. Mr. Zerrahn had some eight years of trust company experience with a large Los Angeles bank, he is a lawyer and he pointed out to the joint assembly that the Phoenix Mutual is endeavoring to do everything it can in behalf of the attorneys in estate planning work and not against them.

He explained that the letter sent out by the Pittsburgh office was written to certain selected policyholders and had not been submitted to the home office. As a result of the conference the suit is being held in abeyance pending the drawing up of a cooperative agreement between the Pittsburgh Life Underwriters Association and the Allegheny Bar Association similar to that which was drafted in New York City not long ago between similar groups there.

slump or discouragement that comes to recruits, in helping to resell them and to rebuild their morale, Mr. Zimmerman said. It is very valuable in this process to be able to show the dejected agent the scientific proof developed by the index that he has the necessary qualities of success.

### Other Factors to Watch

He also took up morale, which he said is based on such tangible factors as a thorough knowledge of the business, skill in it and a love of it, financial success, a feeling of security, both the present and future; faith in him of others in the agency, a strong incentive to achieve, and finally, strong leadership. He said a great deal of progress yet can be made in the matter of coaching and training agents. There is a big difference between acquisition of knowledge and the effective use of it.

Constant drill in sales fundamentals, and particularly sales presentation, is invaluable. Close mechanical supervision and stimulation is another vital necessity in building morale. Another is the development of a definite success atmosphere in the agency.

The Pennsylvania insurance department has appointed C. A. Sieminski of Kingston, and R. C. Davies of Lansdowne as examiners and R. W. Lippert of New Brighton as investigator.

# Sales Helps..



## Announcing New Quintuplets

The new Life and Accident and Health Contracts recently presented to the B. M. A. sales organization, together with the Company's modern and up-to-date sales equipment, will enable the salesmen to continue to offer the very best in personal insurance service to their clients.

The salesmen have had an opportunity to study these additional Sales Helps, and no doubt realize they are in an unusually fine position to better serve their clients in the future.

With this new service, along with B. M. A.'s PORTFOLIO OF COMPLETE PROTECTION, the salesmen are destined to enjoy an even greater volume of business in the future than they have in the past.

W. T. Grant, President

J. C. Higdon, Vice-President in Charge of Sales

# BUSINESS MEN'S ASSURANCE CO.

KANSAS CITY, MO.

## Behind the Scenes in Mass. Mutual Expansion

The procedure that Massachusetts Mutual Life has pursued during the past three years in materially enlarging the scope of its agency department activity was outlined by Chester O. Fischer, vice-president of that company, in addressing the annual meeting of the Research Bureau-Agency Officers in Chicago. He summarized what had been done as follows:

"We surveyed the situation; we established our objectives and functions; we decided upon general principles and policies to be pursued in reaching those objectives; we set up a plan of organization; we found the man for each job; we set up a program of operation; we then checked carefully with our general agents and field forces to make sure that our thinking was right; we established definite major objectives for each division head; we went into action; and now we are engaged in the important job of trying to carry through continuously, at all times ready and willing to improve our procedure."

### Reason for the Department

The reason for having an agency department is to see that a satisfactory volume of high quality business is secured from year to year; that the volume of business in force shows a desirable rate of growth and that the acquisition of new business and the servicing and retention of the old shall be accomplished on a sound basis and at reasonable cost.

Massachusetts Mutual studied the Research Bureau's analysis of the agency department's job. The company then set down in writing a statement of the objectives and functions of the agency department.

Then a statement was set down of general principles and policies to be pursued in the attainment of those objectives. Mr. Fischer announced that both of these statements would be distributed to those attending the convention.

An organization chart was prepared. This embraced the various detailed processes involved in the proposed work. This is in the nature of a "flow line" of activity," he said.

### Confer With General Agents

Then a conference was held with the executive committee of the general agents association, telling them what had been done and seeking their advice. This was in November, 1936.

The next task was to find the men for the job. This was done and then the department was ready to go into action. Staff meetings were held day after day. The work of the department was separated into five divisions.

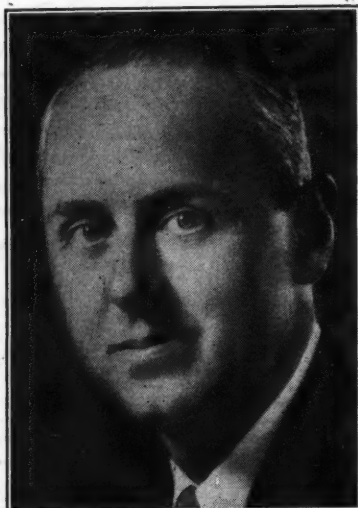
A questionnaire was prepared embracing a study of every conceivable phase of general agency operations. The country was divided into zones and the agency assistants went into the field, spending two or three days with each of the general agents, with supervisors and field men, discussing the questions in this chart, getting their opinion and writing down the reactions and suggestions that were received. This was a means of indirect selling on what the general agents should do.

Each of the general agents was asked what he considered his three major problems in management. Of the 71 votes, 22 general agents mentioned stimulating older agents and 21 set down training and supervision of new men. The general agents also voted on what they considered the three major problems of the field man. Fifty-three voted for prospecting, 50 for organization and time control and 27 for personal financial problems.

Each of the agency assistants prepared a written summary of what he had discovered, including recommendations. When that was done, another series of conferences were held and each of the five division heads read his complete

summary. There was full discussion. The division heads reviewed their reports in the light of the discussion. Some of the assistants changed their minds during the course of these meetings.

The finished product was a chart of objectives which was presented to the



CHESTER O. FISCHER

agency committee for its approval which was given.

The steps outlined to this point, required about a year's work, he said. For the past two years the department has been seeking to put these plans into action. Each division head each six months furnishes the department with a report as to what projects have been completed since the original chart was prepared and sets forth the major projects that he has planned for the ensuing six months.

The procedure puts the agency department on the spot, he said, but it gives the department some idea as to where it is going, when it expects to arrive at each milestone.

The agency department seeks to keep itself posted as to the objectives and problems of other departments in the company feeling that a perspective of company operation helps to assure sound and balanced thinking.

### C. A. Craig Sees Federal Control as SEC Objective

DALLAS—Federal control of insurance companies probably is the real purpose behind the investigation being conducted by the monopoly committee, C. A. Craig, president of the American Life Convention and chairman of National Life & Accident, asserted during a visit to Texas. Mr. Craig declared the companies do not relish the idea of federal control.

He said there are some 30 Texas life companies with more than \$2,000,000,000 insurance in force and with premium incomes of more than \$50,000,000. He declared this money would be going to other parts of the country if the companies had not prospered with Texas, and under Texas control.

"We do not know what the object of the insurance investigation is," said Mr. Craig, "but recent developments indicate that proposals probably will be made to place insurance companies under federal control, especially if they write business out of the state where they are domiciled. The companies do not like that idea."

In Dallas he was guest of Nathan Adams, president of the First National Bank. He and Mr. Adams were school mates in Tennessee more than 50 years ago.

## Explores Mind of Agency Head Who Changes His Ways

B. N. Woodson, director of service of the Sales Research Bureau, in an address at the meeting of the Research Bureau-Agency Officers in Chicago, gave an insight into the mind of an hypothetical agency executive, who decided to do a more thoughtful job, upon awakening to the fact that his company was paying more money for less business of less desirable quantity than was true 10 years previously. This agency man in agreement with the other officers set up an objective to offer a lower than average net cost to policyholders and to earn a reasonable profit for stockholders.

The definition of the lower than average net cost that was desired was reached. The management also decided that the policy of limiting the dividends to stockholders to 7 percent should be continued.

The agency department decided that new business must be adequate in amount, it must be of satisfactory quality and be secured at appropriate cost. After making an analysis, the management decided to strive to produce that volume of new business which would provide an increase of insurance in force of 2 percent per year. That meant that new business must total 8 percent of the insurance in force.

### Lapse Rate Objective

A combined first and second year lapse rate objective of 16 percent was set up in contrast with the current rate of 23 percent. They set an objective of an average policy of \$2,250 in contrast to the present average of \$1,900. The collection frequency of new business has been about 2.9 and in three years it was decided that this should be brought down to 2.25 except for salary savings.

Conservative agency department budgetary standards were set up designed to keep price at a minimum practical figure. It was set at 2 percent of renewal premium and \$6.50 per thousand of new paid business.

In order to obtain the objectives the management decided that the market had to be defined, the product had to be made attractive and the sales force had to be developed. They decided that the agency force had to be sufficient in number, the members must have aptitude for the work, must have sufficient knowledge, skill and proper work habits, advertising materials must be available, there must be a high morale and the agents must be properly compensated.

### No New Agencies

The agency executives decided to get the agency force to the point where the desired volume is secured from a group composed of full time men, one year or more in the business, producing at least \$100,000 per man, plus the smallest number of first year men that will offset terminations and maintain a normal growth. The management decided against setting up new agencies.

It was decided to eliminate agents of marginal and submarginal aptitude. A program of training, retraining and supervision had to be set up with the primary responsibility on the general agent or manager. They decided to supply the best in rate books, dividend books, advertising forms, underwriting facilities, policy contracts, etc.

The agency department accepted the responsibility of motivating the general agents and through them the agency force.

Distinctions were set up as to commissions and expense allowances according to quality as well as to volume.

Mr. Woodson went on to describe what this agency's executive decided to do in regard to selection, training, motivation, agency costs, improving the quality of business, equipping the agency force, etc.

## Qualities of Heart Create Morale in Agency

### Vocational Competence of Manager Is Less Important, L. S. Morrison Says

The biggest factor in establishing good morale and satisfaction on the part of the agents is the manager's ability and willingness to help his agents. It is even a bigger factor than the amount of money the agent is presently making. This conclusion was expressed by L. S. Morrison, director of research of the Research Bureau, in addressing the annual meeting of the Research Bureau-Agency Officers in Chicago this week.

Morale depends upon the agents' own conception of the manager's attitude toward them. Agents seem to take vocational competence for granted. Where it is good they tend not to mention it; where it is absent they are severely critical. Mr. Morrison referred to a survey on the subject. Of the personal characteristics of a manager, the agents seem to be particularly impressed by generosity. Then follow in this order: sympathy, cooperation, fairness, interest in the agent's welfare and sincerity. These are qualities that are essential to good morale.

Some qualities are common to both managers who have both poor and good morale, they being friendliness and enthusiasm, initiative, helping the agents, knowledge of life insurance, ease of approach. The morale may still be poor because the manager may not be sincere.

Skill at handling the sales interviews was the last on the list of qualities that was most frequently mentioned. The questionnaire developed that the managers who were most skillful at handling the sales interview had the poorest morale.

Mr. Morrison asserted that the qualities which make the greatest contribution to morale are those of the heart rather than the head—generosity, sympathy, interest and willingness to cooperate, fairness and sincerity. These qualities tend to build the agent up in his own estimation and give him a sense of emotional security.

Enthusiasm and friendliness may degenerate into back slapping and "bull." Vocational competence must be coupled with a sympathetic understanding of the agent's problem and his viewpoint.

In the agencies with good morale the manager's philosophy of management is centered around the success and well being of agents already under contract. In the agencies with poor morale the central objective tends to be concerned primarily with recruiting and total agency production. Obligations to men already under contract seem to be secondary considerations.

"Selling life insurance makes bitter demands on the emotional strength of all but the exceptional agent," Mr. Morrison said. "Only too frequently do his contacts tear down his self esteem, and a very high proportion of his attempts to sell are unsuccessful. He needs much enthusiasm, high determination, and a deep conviction regarding the worth of his mission. His batteries need to be continually recharged. How many agents do you know who can do that without some help from outside?"

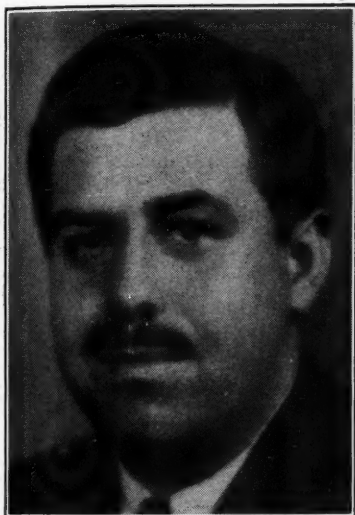
"Life insurance has nothing to offer but contentment and security—these cannot be effectively sold by unhappy and discontented men to whom, in their own lives, security is a stranger."



## Describes Sun Life Plan of Building Managerial Reserve

### Develops Managers As Part of New Production Process, Taylor Explains

Seth C. H. Taylor revealed in detail the program under which Sun Life of Canada operates for training within its own ranks managerial timber, in an address at the meeting of the Agency Officers-Research Bureau in Chicago. Mr.



SETH C. H. TAYLOR

Taylor is superintendent of sales promotion for Sun Life.

Sun Life pursues the policy of making managerial and other promotions exclusively from within its own ranks. It runs its managerial development processes simultaneously with its new business production processes. In this way the business the agency organization produces during the selection and training period to a certain extent offsets the cost. He said it is neither wise nor necessary to spend substantial sums in cash chargeable alone to the development of managers. It is possible to get something for the development money in the way of production during the training process and with a more practical training result.

#### Recruits College Graduates

The first step is to recruit persons to be agents or clerks. Sun Life is recruiting a few outstanding college graduates immediately out of college. They are started on a two year salary arrangement, commencing in branch offices as clerks. Then they are developed on an individual basis until they are ultimately selling in the field. They receive pay increases at the end of their first three months, six months and twelve months.

Sun Life is impressed with the high percentage of successful general agents and managers who entered the business prior to age 23, just out of college.

Sun Life is encouraging its managers to recruit college men who have been out of school several years and who are not failures but have found themselves in blind alley jobs—men of good families with a good college activity and scholastic record. These men are started as agents and go through the regular agents' training process. The company is more generous in its financing with these men. Any clerk or agent is eligible for promotion but the intentional effort in recruiting for manage-

ment is in the development of college graduates.

Then attention is given to clerks from the head office or field organization "who are overflowing their jobs and give evidence of having an aptitude for management." These men are started in the field as agents on their present salary, the company retaining the commissions earned, unless in aggregate the commissions exceed the salary. If they don't succeed in the field they are sent back to their old job within six months. If they are making good they continue as agents for a period of from one to three years.

From this point on the development process is the same whether a man comes up from a clerical position or from a rate job as an agent.

The next step is to make a selection for management from those who have been successful agents.

Those selected are promoted to be unit supervisors. They are put through a one day training school conducted by a head office man. This is merely an official explanation of their duties. The managers must drill and supervise these men.

The supervisor reports weekly to his manager and a copy is forwarded to the home office.

#### Get Individual Treatment

Under the unit system, the salesmen get more individual attention and the supervisor is responsible for a small group of men and for that group only. The unit supervisor gets most of his income from personal production and hence he is able to inspire the men in his charge.

These unit supervisors are producing new business and at the same time they are learning how to teach men to sell.

The next step is to select from the group of unit supervisors men who are ready to be made agency assistants. These men serve as assistant managers in large branches. They are in charge of the branch in the absence of the manager and have certain broad duties. The next step is to select from agency assistants those whom it is felt are possibly eligible for branches. This selection is very carefully made, as Sun Life considers an appointment as branch manager rather permanent. Seldom does Sun Life find it necessary to demote or discharge a manager.

Those that are chosen attend a managers' training school at the head office. A ranking is assigned to them after that training and upon returning to their jobs as agency assistants they are regarded as managerial reserve. Mr. Taylor said that of seven agency assistants in the April school, four have already been promoted.

The training school requires eight lecture days. The lectures last for 45 minutes with 15 minutes between for questions and recess. The class is joined at lunch each day by several chief clerks and officers. All agency superintendents who have men in the school attend throughout the term and observe the work of each of the students.

Today Sun Life has several competent managers in reserve ready for branches and there will shortly be a number more. Sun Life feels that eventually the plan will lower the distribution cost. If the manager is the key to the agency problem then the better he is trained the more efficient he is and the lower will be the relative cost of his branch operation.

#### Assets at End of July Analyzed

Total assets of the member companies of the Life Presidents Association at the end of July amounted to \$23,397,711,000, as compared with \$22,208,541,000 at the end of July, 1938, a gain of 5.4 percent. Policy loans showed a decrease as did farm loans. Other mortgages increased and the total mortgage account was somewhat higher. Real estate holdings were somewhat less. Cash holdings were somewhat greater. Total bond and stock holdings were 8.7 percent greater than at the same date last year. Railroad holdings were less.

## THE ANNUAL MESSAGE IS PAST

Last week was set aside as the occasion for observance of the Annual Message of Life Insurance.

The job was well done.

But the message of Life Insurance must become a daily message . . . an unceasing story of the performance of Life Insurance.

By the printed word, by the contacts of agents, by the service performed, we must daily place before the public more and more evidence of the service of Life Insurance . . . of bills paid, of earning power replaced, of security provided, of education bought, of contributions to the development of the nation.

It is our purpose to keep this message alive daily with the aid of the 3,500 fine fellows who represent this Company in the field.

*The*  
**NATIONAL LIFE  
AND ACCIDENT  
Insurance Company, Inc.**

C. A. CRAIG, Chairman of the Board  
HOME OFFICE  
NASHVILLE  
TENNESSEE  
C. R. CLEMENTS, President  
NATIONAL BLDG.  
TENNESSEE

## American College Fund Spurs Public Relations

### C. J. North Cites Stimulation to Study That Has Resulted

The cooperative fund for underwriter training contributes probably more than any other single factor to the creation of sound public relations, according to Cecil J. North, who reported as chairman of the committee of Life Agency Officers Association for the American College, at the meeting of the Agency Officers - Research Bureau in Chicago, Mr. North is third vice-president of Metropolitan Life.

The fund is maintained by assessments upon 103 companies and is drawn upon by the American College in the amount of credit certificates received by the college from candidates of the subscribing companies who sit for the C. L. U. examinations. Subscriptions for the year 1939-40 amounted to \$30,907.

#### Inducement to Study

Due to the operation of the fund, according to Mr. North, a great many more agents are induced to enroll in C. L. U. study courses and regardless of whether they complete their studies and are successful in the examinations, they will have improved themselves in their ability to serve and thus will be able better to represent the institution, all of which is in the interest of public relations.

The increased income due to the operations of the fund, has been devoted by the American College to improvement of training facilities, particularly in the field. An educational advisory department has been set up which functions like an extension division.

The basis of subscription to the fund has been 50 cents per \$1,000,000 of ordinary in force as of Dec. 31, 1936, less group, less reinsurance received from other companies. Mr. North recommends that subscriptions in the future be based on those in force in the year preceding the subscription. If that were done, the subscription would be increased by about \$2,500 for next year.

#### Increase Is Needed

Unless there is provision for some increase in subscriptions, he said, the demands on the fund may exceed the total heretofore contributed by the companies.

During 1938-39 credit certificates received by the American College from candidates numbered 4,215 valued at \$42,150. This was about \$12,000 in excess of subscriptions to the fund. However, the number of certificates used by candidates who finally sat for the examinations had a value of \$26,690. The subscriptions are strictly an advance to agents who are ambitious to learn more of life insurance, Mr. North said.

#### Increase in Completions

In the three years that the fund has been in operation there has been an increase of about 80 percent in the number of individuals who have completed the examinations in one or more C. L. U. parts. Moreover the number of applications approved by the college from new candidates desiring to qualify for the examinations was about three times as great in 1939 as it was in 1937.

In the fall of 1938 more than 200 study groups were set up and 188 of the groups carried through for the entire year. It is estimated that about 4,000 persons were enrolled in these groups.

## Time Devoted to Seeking "A" Agent Is Well Spent

Specific evidence that scientific selection of agents pays was given by W. J. Adams, mathematician of Canada Life, in a paper presented at the annual meeting of the Research Bureau-Agency Officers in Chicago this week. Mr. Adams made it easier for his audience to follow the arithmetical part of his talk by showing slides, which set forth the significant figures to which he was referring.

Mr. Adams said Canada Life found that it had made an investment of \$1,419 per agent in the A or highest class, \$2,152 per agent in the B class, \$2,749 for a C agent, \$2,757 for a D agent and \$3,757 for an E.

A agents produced \$68,000 in their first contract year; B agents \$47,000 and E agents \$21,000.

#### Results Three Times Better

In other words, for about a third of the investment, Canada Life obtained more than three times the results by recruiting A agents instead of E. It concluded that even if it costs more to discover and recruit A agents, the company can well afford to spend more. The additional time and expense devoted to looking for A agents will be a very profitable investment.

In arriving at the figure as to the "investment" in an agent, Canada Life assumed that the business would have cost \$8 per thousand if it had been obtained from old organization. The "investment" was the difference between \$8 per thousand and the actual cost.

On the average, Canada Life found that the cost of induction was \$550 per

agent, on the basis of Canadian experience. That covered the selection expenses, including a proportionate part of the cost of the branch manager's time. The average cost of maintaining and supervising a new agent during his first year was \$1,000, the average cost of maintaining and supervising an agent during subsequent years was \$700.

#### Seven A Agents Survived

Canada Life found that of each 10 A agents seven survived at the end of the first year while only five of ten B agents survived, four of ten C and D agents and three of ten E.

The total first year production from the survivors of the A appointments was \$476,000, production of \$235,000 from the survivors of B, \$152,000 from C, \$142,000 from D and \$63,000 from E. The company may expect twice the future production from the survivors of the A group as from the B and between seven and eight times the production that will be obtained from the survivors of the E group.

When the production of those who terminated during the first year is included, the situation is not altered.

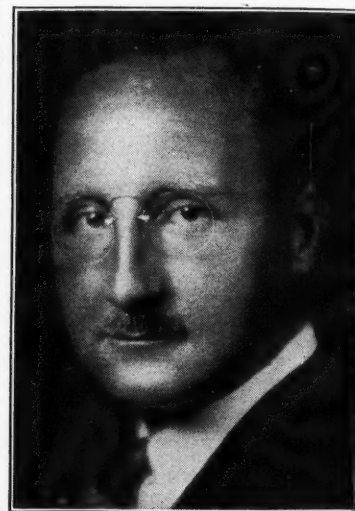
By a series of calculations, Canada Life estimated that it had invested in its group of A agents a total of \$14,000 the first year; B agents \$13,000, C and D agents \$12,500 and E \$12,000.

W. E. Hatcher has been advanced to general agent at Texarkana by the Guarantee Mutual Life. He will have charge of 12 counties in northeast Texas.

## Hunter Displays Badge for Signatory to Agency Pact

### Certificate of Participation Designed to Win Converts, Cause Better Observance

The "certificate of participation" that was devised through the joint efforts of the Life Agency Officers Association and National Association of Life Underwriters was displayed by D. Gordon Hunter in the course of his address be-



D. GORDON HUNTER

fore the meeting of the Agency Officers - Research Bureau in Chicago this week. Mr. Hunter is vice-president and agency manager of Phoenix Mutual Life.

The certificate is a superb job in composition of contents and workmanship. The purpose of the certificate is to help win more signatory companies to the agency practices agreement and to bring about stronger adherence to the agreement on the part of those who have signed it.

"This certificate," Mr. Hunter stated, "gives expression to our common ideals and common objectives. It is intended to serve both as a reminder and as an earnest of our desires and endeavors: our desire to cooperate towards an improved morale in our industry, and our endeavor towards an increased public confidence in the life insurance institution."

#### Sixty-two Signatories Today

At present Mr. Hunter said 62 companies are signatories to the agreement. A number of the branches and general agencies of non-signatory companies are following the principles of the agreement and are pleading for stronger backing from their home offices.

Mr. Hunter summoned the agency executives to conduct a crusade to keep high the present prestige of life insurance and to make more thoroughly understood its great good and its unshakable solidarity.

The executives have a great responsibility, he said, to influence public opinion favorably. Those who mold public opinion about life insurance are the insurance commissioners, company executives, managers and general agents and the producing agents.

The position of the companies and agents in the minds of the public will be strengthened to the degree that the public can place full and complete confidence in the integrity of the insurance department. The companies have gone

## Middle Atlantic Actuarial Club's Autumn Meeting

The regular fall meeting of the Middle Atlantic Actuarial Club was held in Richmond, Va. Twenty-five members and numerous guests were present.

Officers elected were: President, A. B. Ambler, Jr., assistant actuary, Acacia Mutual Life; vice-president, R. T. Arrington, Life of Virginia; and secretary-treasurer, Miss Helen R. Gibson, assistant actuary, Monumental Life.

The program was headed by A. N. Guertin, actuary of the New Jersey insurance department, who discussed "Valuation Standards and Mortality Tables." Additional features were presented by L. C. Cocheu, Jr., of the Social Security Board in a paper, "Factual Analysis of Recent Amendments to the Social Security Act and Attendant Problems," further discussion of which was led by C. A. McConaghy and D. C. Bronson, and presentation by C. A. Taylor, actuary Life of Virginia, of a paper on "The New Gain and Loss Exhibit." Discussion of the latter paper was led by Mr. Taylor, Mr. Ambler, and George Kenigson, associate actuary Sun Life of Maryland.

The meeting was followed by a banquet commemorating the fifth anniversary of the founding of the club. The chief speaker was S. F. Clabaugh, president Atlantic Life of Richmond. He spoke on the place and responsibility of the actuary in management affairs. The proceedings were closed on a lively note by the presentation by Thomas Bowles, Jr., and other staff members of the Life of Virginia of a short play in which the tribulations of an actuary were ably burlesqued.

#### War Will Stimulate Sales

KANSAS CITY—The European war is expected to act as an impetus to the sale of life insurance, according to Howard Goodwin, vice-president Phoe-

nix Mutual, who was here with C. T. Steven, advertising manager, visiting the J. H. Birmingham agency. Any period of unrest stimulates the individual's desire for increased security, Mr. Goodwin said.

#### Presiding Over Meeting of American Institute



H. A. HOHAUS

H. A. Hohaus, assistant actuary of Metropolitan Life, who is president of the American Institute of Actuaries, is presiding over its mid-year meeting at the Edgewater Beach Hotel in Chicago this week. This is the first meeting over which he has presided, as he was elected president at the convention last spring. Mr. Hohaus has made a profound study of the various public projects involving insurance and annuity principles and he is a foremost authority in the field.



far in the crusade of creating the Institute of Life Insurance, he said, but unless the individual companies assume the responsibility of promoting the most ethical and progressive kind of practices the effort will not be effective. Neither the insurance commissioners nor the Institute can be held accountable for the character of the structure each of the companies is building.

As anxious as are the managers and general agents to influence public attitude favorably, that effort will not be effective unless the companies cooperate in exercising sound ethics insofar as selection, training and managerial operation is concerned.

The agents constitute the direct point of contact with the public and are the most powerful influence in public relations. It is important, therefore, that the companies and general agents see that men are selected to represent the institution who can be expected to gain the degree of public confidence that is so needed.

#### Engages in Arithmetic

By some arithmetic, Mr. Hunter arrived at the estimate that the 27,180 members of the National Association of Life Underwriters color favorably or unfavorably the public mind towards life insurance 33,975,000 times per year. The 179,800 persons that the Research Bureau estimates are serving as agents in the country are conducting 224,750,000 life insurance interviews a year.

"That is the most potent force towards the creation of public attitude, which it is possible for us to conceive," Mr. Hunter declared. "It would seem now, when the public is a bit critical, that never has there been a time when it was so important for us to band together in a determined desire and effort—an effort to be as sure as we humanly can be sure, that every man whom we choose as a salesman and who goes out with a message of life insurance should be a fit and competent man and who at the point of direct contact is equipped to build into the minds of the people he contacts, a strong and sure confidence in the life insurance institution."

### Louisiana Examiner Chief Objects to the Maryland Statement

Emile Bienvenu, chief examiner of the Louisiana insurance department, has written a letter to Commissioner Gontrom of Maryland objecting to his statement made in his talk before the Maryland Association of Insurance Agents in which he stated that Louisiana had some 20 examiners roaming around the country charging \$33 a day. Commissioner Gontrom said, "We figured out that there was \$40,000 in this thing for somebody." Mr. Bienvenu contends that the statement is far from the truth. He says:

"The Louisiana department, at no time, has had more than eight examiners on its staff—and then only for a short time as our regular staff is comprised of six men. These examiners are high-class men and qualified in every particular. They are used exclusively as insurance examiners in and out of the state. Even a person as uninformed as you are must recognize that in order to render efficient service, examiners must be properly trained, employed on a permanent basis, and paid regularly whether assigned or not."

"Every insurance company that has had experience with examiners from Louisiana will readily admit that our men are gentlemen, very capable, and that the fees charged for their services were warranted. If you knew anything at all about the work and duties of insurance examiners you would be bound to admit that \$25 per day and expenses is very reasonable for good, efficient men. Apparently, you are ignorant on this subject. The far more serious part of the statement attributed to you is 'that there was \$40,000 in this thing for somebody.' This is a slanderous remark."

## President Smith's Tenth Anniversary

### Head of New England Mutual Will Be Honored in November

The General Agents Association of the New England Mutual Life has set aside November in honor of President George Willard Smith, who on the 27th of that month will reach his tenth anniversary as president. He took charge of the company in 1929 just at the time the depression started in full force. He is one of the outstanding executives today.

He was actuarial clerk at the head office of the New England Mutual when he started with that company in 1904. He was then 20 years of age. He became assistant actuary of the Massachusetts insurance department in 1909 and then was appointed actuary. He went with the Association of Life Insurance Presidents as actuary in 1909 serving until 1918 when he returned to the New England Mutual as vice-president.

#### Constructive Achievements

The General Agents Association points out some of his constructive achievements:

1. An enlarged agency department has made possible an agency force second to none in quality, in training and in loyalty. Nine powerful new general agencies have been created and many others have been brought up to a higher state of efficiency.

2. Many new types of policies, such as the family income, multiple income, the New Englander 1-2-3, revised retirement income forms and annuities have been introduced to give broader protection to clients and a larger field for agents.

#### Salary Savings and Monthly Premium

3. His recent inauguration of the salary saving and monthly premium plan will greatly extend the field of operation for all agents.

4. He introduced the system of agents' conventions and regional conferences that has brought the fieldmen into closer contact with the home office and with one another.

5. His high sense of responsibility to beneficiaries has produced one of the most liberal and efficient special settlement agreement departments in the life insurance business.

6. National advertising has been employed to increase confidence in life insurance, in the company, and in its trained and efficient agency force.

7. In this period, he planned and presided over one of the most unique occasions in life insurance history—the celebration of the 100th birthday of the New England Mutual, the first mutual life company chartered in America.

#### Growth in Ten Years

8. The decade under his guidance has shown a growth of insurance in force from \$1,187,000,000 to \$1,562,000,000; in number of policies from 303,580 to 406,773; in assets from \$228,000,000 to \$450,000,000; while \$351,000,000 was paid to policyholders. Modernization of home office methods and the introduction of machines has enabled the company to handle this great increase of business with marked efficiency.

9. The vision of a new modern home office building was realized. An ideal site has been acquired and a most beautiful office building is now in process of erection.

10. Perhaps the most valuable of all President Smith's contributions has been his raising of the morale and loyalty of home office and field through his intimate touch with all company associates and the example of his character, balanced judgment and human understanding.

The New England Mutual has never done much in the way of these monthly production tributes, the last one being a

good many years ago commemorating the late President D. F. Appel. It uses June as "policyholders' month," it being largely a service period when the agents are urged to get in touch with policyholders and talk over with them their insurance problems and see to it that policies are strictly up to date in accordance with the policyholders' situation.

#### Hartford "Commissioners" Cited

Mayor Spellacy of Hartford caused to be published in the Hartford "Times" the pictures of every commissioner that he has appointed during his administration. This is in the nature of a campaign document in refutation of the charge of another candidate that there is a "political machine" controlling Hartford municipal affairs. Included in the layout were numerous insurance men including M. B. Brainard, president Aetna Life, flood commission; Morgan B. Brainard, Jr., assistant treasurer Aetna Life, police board; C. S. Bourn, Travelers, street

board; Henry B. Claffey, Travelers, former police board; Arthur M. Collens, president Phoenix Mutual Life, health board; W. R. C. Corson, president Hartford Steam Boiler, flood commission; Francis W. Cole, general counsel Travelers, flood commission.

Also Perrin C. Cothran, vice-president Phoenix of Hartford, finance board; Benedict D. Flynn, vice-president Travelers, pension commission; W. A. Haviland, local agent, zoning board of appeals; W. C. Jansen, vice-president Hartford Accident, fire board; Anthony LeRoy, local agent, former zoning board of appeals; John B. O'Neil, local agent, aviation commission; S. F. Westbrook, vice-president Aetna Life, housing authority; W. R. McCain, president Aetna Fire, flood commission; A. T. Vaughan, chief clerk Connecticut General Life, police board; H. C. Slate, Aetna Life, health board; P. J. Walsh, insurance adjuster, zoning board of appeals, and L. E. Zacher, president Travelers, flood commission.

1909



1939

Prophetic are these "nine" years marking the decades since the founding of the Great Southern in November, 1909. Each has hurled its challenge to the institution of life insurance, and each time the challenge has been met and conquered.

Great Southerners will tell you their Company is held in high esteem. Thirty years of conscientious service have given them an open sesame into the homes and work shops of their clients and policyholders.

We invite inquiries from men who would build with us.

## GREAT SOUTHERN LIFE INSURANCE COMPANY

E. P. Greenwood  
President

Home Office  
Houston, Texas

## Getting Reasonable Persistent Volume at Reasonable Cost

**J. A. Hawkins Gives Insight Into Procedures Employed by Midland Mutual**

J. A. Hawkins, vice-president and manager of agencies of Midland Mutual Life, in addressing the meeting of the Research Bureau-Agency Officers in Chicago this week, gave an intimate insight into the procedures followed in



**J. A. HAWKINS**

his company to maintain a balance between the welfare of the field forces and the interests of policyholders, and to produce a reasonable volume of persistent business at a reasonable cost.

Midland Mutual has developed coordinated management, he said. There is a specific official agreement on general policy. There is close cooperation between president, agency vice-president, actuary, medical director, legal counsel and others.

Members of the executive committee hold a meeting at 11 o'clock each Monday to reach decisions concerning controversial matters and in the afternoon there is a full meeting of the executive committee lasting about one hour.

### Terminations Are Penalized

In an endeavor to get a reasonable volume of quality business, the company rejects cases which show every indication of early termination. Members of the Leader and Presidents Clubs who have a high termination record, are penalized. In 1937, the ratio of preventable terminations in Midland Mutual was 4.4; in 1938 it was 5.1, and so far this year it is 4.5.

In the past year the home office mailed about 20,000 circular letters personally addressed to selected prospects. The management estimates that it receives about \$100 of new paid business for each letter. The direct mail service has recently been extended. Some of the letters are personally signed by the agents.

In the past 15 years Midland Mutual has mailed more than 3,000 training courses to prospective agents. About 25 percent have completed the course compared with an average of about 5 percent for most correspondence courses. There is no charge. Each general agent is advised monthly concerning the number of lessons completed and the grades made by his prospective agents.

## Social Security Opens New Approach for Package Sale

NEW YORK—Social security opens up an excellent approach for a package sale of readjustment insurance to the prospect earning around \$3,000 a year and carrying little or no insurance, said C. E. Haas, assistant manager Brooklyn branch, Mutual Benefit Life, in the New York City Life Underwriters Association's educational course.

Mr. Haas took a hypothetical family in which the breadwinner was age 33, earning \$250 a month, the wife age 30, and two children, a son age 6 and a daughter age 3. Under social security, of the husband were to die after Jan. 1, 1940, the family would receive \$72.10 a month until the older child reached age 18 and \$51.50 a month from then until the younger child reached 18. After that there would be no income from social security until the widow reached 65, when she would receive \$30.95 a month.

### Needs Only \$5,608

Mr. Haas pointed out that in order to start this \$30.95 income immediately on the youngest child's reaching age 18 it would take only \$5,608 of insurance. If it were desired to continue the \$51.50 from the time the youngest child reached

age 18 until the social security income to the widow began at her age 65, the amount of insurance needed would be only \$9,346. In either case the social security income would be substantially enhanced by the interest from the life insurance funds which would be held under the interest option until the youngest child reached age 18.

Mr. Haas also brought out the benefits that would accrue to the insured if he lived to retirement age and left his dividends to accumulate. The \$5,608 policy would pay him \$33 a month, a substantial addition to the \$54 he would receive each month after retirement, yet the income on the \$9,346 policy would be approximately \$50 a month at age 65. There would be an additional \$27 a month when the wife reached 65, as her retirement benefit under social security.

The average prospect in this income group is difficult to interest in programming, Mr. Haas explained, because any sort of program seems beyond his needs. The usual reaction is to refuse to discuss it. The social security act, he said, gives the prospect a program whether he wants it or not, consequently he is more willing to talk about programs.

In Indiana the course must be completed within six months after the new agent is licensed in order to retain his license. The home office certifies the completion of the course to the Indiana department. The course consists of 15 questionnaires of 10 questions each.

### Program of Conventions

A general convention is held every other year and regional meetings are held with the idea of reaching all parts of the field from two to four times annually. Wives are generally invited.

Midland Mutual has two advance plans of financing agents. Under one plan, in connection with business sold on the semi-annual premium basis, the agent retains the commissions on the first premium and Midland Mutual immediately advances two-thirds of the remaining first year commission. If the premium is payable quarterly, the agent retains his first year commission on the first premium and Midland Mutual advances him the commission on two additional quarterlies. The minimum monthly premium is \$10, and on this plan the agent retains his commission on the first three monthly payments and Midland Mutual advances him two-thirds of the remaining first year commission. There is practically no loss either to the company or to the general agent from this plan. The general agent must share any loss with the company 50-50 after taking into consideration the value of renewal commissions. No advance is made on the business written on the life of an agent or any member of his family, nor is an advance made on that part of any case in excess of \$10,000. The maximum debit balance under the plan of advance is \$400 and if the agent's lapse rate exceeds 25 percent the advance is discontinued.

### Details of Second Plan

The second plan is intended only for the new agent. He gave an example of an agent who had been earning \$150 a month in his previous occupation. Under the advance plan, Midland Mutual will advance him \$50 per month against one-third of his first year commission, the general agent will advance the same amount and the agent will retain one-third of his commissions as earned. The agent is told that he can easily earn at least \$25 per month in first year commissions from the start and as time goes on he should increase these commissions to an average of \$50 or more. When he is able to do this he will no longer need an advance. If the new agent is not successful and quits after running up a

debit balance of \$400, settlement is made with the general agent under contract terms. If the new agent's business still in force at the end of one year shows \$1,000 of annual premium, the company will purchase the renewals on a basis of 20 percent of the premiums in force, or the general agent may purchase the renewals if he exercises that option. In either case there will be a remaining loss of \$200 and of this amount the company assumes one-half and the general agent one-half.

### App-a-Week Is Emphasized

Mr. Hawkins described in some detail the actual duties of the various members of the agency department.

Much emphasis is placed upon membership in the App-a-Week Club. There are 46 members. One member is completing 15 years of consecutive weekly production. Certain awards are made to members, many of whom let the credits accumulate and draw them down at Christmas time.

Efforts to exert time control have been difficult, because the agents do not want to be "controlled" and they resent that term. In May of 1938 the Time Master Club was formed so as to get away from the idea of "control" and to get across the idea that the agent should be master of his time. Each member is awarded \$5 per quarter for sending in 13 consecutive weekly reports. The average production for the entire group is gratifying. In the present quarter there are about 70 members making weekly reports and the average of written business per member is more than \$2,000 per week. The average results and the names of those who reported are published in Midland Mutual's "Field Notes." Those who send in especially meritorious reports are publicized. The club has had the effect of keeping marginal agents on the job, he said.

Midland Mutual has secured a high type of field representation, he said. The first agent who signed a contract with the company more than 33 years ago is still active and a leader in production in addition to being a partner in the home office agency. There are 16 representatives who have been with the company more than 30 years, 25 more than 25 years, 44 with 20 years of service, 59 with 15 years, 78 with 10 years and 158 with five or more years.

### Kansas City Dinner Nov. 7

KANSAS CITY—The Life Insurance-Trust Council will hold its first dinner meeting here Nov. 7. Oliver J. Neibel, Penn Mutual, is president.

## Lincoln Urges All Branches to Oppose U. S. Encroachment

**SEC's Questionnaire to Commissioners Proves Federal Control Objective**

NEW YORK—Saying that the questionnaire which the Securities & Exchange Commission last week sent out to the insurance commissioners confirmed his suspicions that the SEC is out to effect federal supervision of life insurance, President Leroy A. Lincoln of the Metropolitan Life, when speaking at the annual dinner of the General Brokers Association of Greater New York, emphasized the common interest of all insurance men—life, fire, marine, and casualty—in resisting the attempt to promote federal control.

### Middleman in Danger

Mr. Lincoln quoted and underscored a sentence in the letter of invitation to him to the effect that there are problems which the institution of insurance must face unitedly. In support of this he pointed out that one of the objectives of the federal investigation, along with discrediting life insurance in an effort to obtain federal control, appears to be an effort to eliminate the middleman in insurance, a move which would be equally serious for all branches of the business. He cited the entire day which was devoted to hearing the praises of savings bank life insurance, also the testimony describing a nationwide \$250 burial benefit plan.

In attacking the motives and methods of the SEC in its investigation, Mr. Lincoln covered substantially the same ground that he did in his frank talk at the American Life Convention, which was reported in detail in THE NATIONAL UNDERWRITER life edition for Oct. 6 but supplemented it considerably. He dwelt at some length on the desirability of state versus federal supervision.

Discussing the questionnaire sent to insurance commissioners, which he observed did not demand replies under compulsion, Mr. Lincoln said that "every man here (at the dinner) could find 100 reasons why state supervision is better than federal supervision." He said that there has been a "glorious history" of insurance supervision in New York and that while some people may short-sightedly be annoyed sometimes at state supervision, he said that it has been of great value and that "we welcome supervision and particularly supervision of the kind we have had in the state of New York."

### Local Contact Possible

Supervision, he said, should be localized because problems are different in different localities and while the insurance commissioners get together to exchange views, there is always the close contact of the supervising authority with local conditions which would not be the case if there were centralized supervision in Washington. State supervision, he added, offers an opportunity for experimentation which would not be possible with federal supervision.

As an example of the flexibility and adaptability of state supervision, he cited the policy loan moratorium of 1933 during which 22 states had policy loan moratorium laws or insurance department regulations. These were adopted as needed and removed as conditions warranted, he pointed out, whereas if federal supervision had been in effect it would have been necessary



to wait until the last state no longer needed the law.

The huge volume of insurance taxes would presumably be lost to the state, he said, if federal supervision were put into effect. He pointed out that most of the insurance tax money does not go for supervisory expenses but to defray general state expenses. Conceding that this is a practical side he said that nevertheless it is a very practical reason why there should be an objection to federal supervision.

Mr. Lincoln quoted Commissioner McCormack of Tennessee who recently stated that a few subordinates in the federal government have apparently attempted to create distrust of insurance in order to promote federal control and that the hearings should be rightly called "mock trials."

#### Congressional Members Fair

In criticizing the SEC, Mr. Lincoln was careful to differentiate between its practices and the open-mindedness of the congressional and senatorial members of the committee. As an indication of government's apparent bias against the middleman in insurance, Mr. Lincoln cited an incident from the survey of industrial policyholders made by a contingent of WPA workers under the SEC's direction in Boston. A Mrs. Foley asked one of the WPA people if there were anything better than the insurance she had, adding that she had always been well satisfied. The WPA worker then began telling her how much better savings bank life insurance would be.

Others who spoke were Superintendent Pink of New York, G. F. Sullivan, association president, who gave his annual report and presented the association's annual gold medal for meritorious insurance service to S. R. Feller, former New York department first deputy; Judge Albert Conway, New York supreme court, former insurance superintendent, who acted as toastmaster, and Nathan Greenbaum, chairman of the dinner committee.

#### 'Adjusters' and 'Counsellors' Operating in Los Angeles

LOS ANGELES—Los Angeles again is a hunting ground for the "adjuster" and "counsellor" who is disturbing to life insurance wherever he appears. Within the past few weeks ads have been appearing in the different papers of the city reading:

"Cash for policies paid three or more years, in force or out. Insurance Adjuster, .....St., Phone....."

"Cash recovered from policies paid over three years, lapsed or in force.....St., Phone....."

And they have been doing business. They are devoting themselves almost entirely, insofar as known now, to industrial policies, and some of the larger companies writing this line of coverage have come in contact with the "adjusters."

#### Taken Up with Authorities

The matter has been called to the attention of the insurance department, and also to the Better Business Bureau of Los Angeles. Both these organizations have made inquiry into the question, and still are considering it.

According to reports, official in one case at least, the "adjuster" takes the policy, sees just what amount is available to the insured, and then has the assured execute a contract whereby the "adjuster" is to receive 50 percent of the amount recovered.

Company offices here, and the insurance department, are advising all policyholders they can secure the full amount by applying at the company offices, and thus avoid the fee.

In one instance it is known that the company had the funds in hand to pay the assured, and had received them before the "adjuster" appeared in the case, and now has to hold 50 percent of the amount until the assured makes an effort to void the contract with the "adjuster."

## Plans Announced for Commissioners' Mississippi Rally

Commissioner M. J. Harrison of Little Rock, chairman of the transportation committee for the winter meeting of the National Association of Insurance Commissioners, at Edgewater Park, Miss., has chosen the Illinois Central as the official route. Roy L. Davis, A1445 Insurance Exchange, Chicago, Telephone Wabash 9290, has been appointed to handle transportation arrangements in the Chicago territory. Mr. Davis announces that special cars leaving Chicago on the Panama Limited at 1 p. m. Dec. 5, will carry insurance groups, stopping at Champaign and Mattoon, where those from Indiana may join; Centralia and Carbondale, where delegates from Missouri and points west may connect; Memphis, where those from Ohio, Kentucky, Tennessee and Arkansas may join. This train will arrive at Gulfport at 10:45 a. m., the next day. There will be motor buses conveying all to the Edgewater Gulf Hotel.

This train is a solid de luxe Pullman, entirely air-conditioned and carrying full facilities. The round trip fare, first-class from Chicago, is \$44.35. One way, first-class railroad fare is \$30.90. This includes the special service charge of \$4 from Chicago to Gulfport. Lower berth, one way, is \$6.85. Bedroom, single occupancy, \$12.30, and \$13.65 for two. A compartment costs \$19.45 and a drawing room, \$24.15.

Mr. Davis is arranging reservations and has complete information regarding the scheduled trip.

#### Post Convention Tours

Post convention tours to New Orleans, Mexico or the Caribbean can be arranged at a nominal cost. Those desiring to return by way of New Orleans may do so on payment of \$1 by having their tickets exchanged at New Orleans but they must make their own arrangements from Gulfport to New Orleans.

Deputy Insurance Superintendent McLoughlin of the New York insurance department is chairman of the transportation arrangements for the eastern people. He has announced that the official train will leave New York City at 2:25 p. m., Dec. 5 from the Pennsylvania station and will go via the Pennsylvania

and the Louisville & Nashville direct to Biloxi.

The executive committee of the National Association of Insurance Commissioners will meet on the afternoon of Dec. 6, so both trains will arrive in ample time for the noon meal and for the executive committee meeting.

Geo. W. Wells, secretary Northwestern National Life of Minneapolis, is in charge of northwestern transportation plans.

#### Walker Agency in New Home

SALT LAKE CITY—F. E. Walker, resident vice-president Mutual Benefit Health & Accident and United Benefit Life, has purchased a two-story modern office building at 139 South Second East street as a home for the agency.

For several years it has been operating as the Walker-Hiner agency, which has now been changed to the Walker Insurance Agency.

A branch office has been established at Ogden, Utah, with A. H. Good in charge.

C. J. Frisbie, Seattle general agent New England Mutual Life, was guest speaker before the Blue Goose there. He recently spent three months in Europe.

**"Why should I be interested in the way you are paid?"**

Q. Why should I, as a buyer of insurance, care how your company pays you for selling it to me?

A. Simply for this reason: My company pays me not according to how much I sell you, but according to how well I sell you.

Q. What do you mean?

A. My company now gives me a substantial extra reward if my clients keep their insurance in force. It is so substantial that from now on, the biggest part of my income will depend, not upon how much insurance I sell to you and to my other clients, but upon how successfully this insurance meets your needs.

Q. How does your company know whether the insurance you sell me really meets my needs?

A. The true measure of my effectiveness in my job is your continuing satisfaction with the insurance you buy from me. If you keep the insurance in force, my company assumes I have done a good job of selling you and servicing you. For nothing will induce you to keep in force policies not properly fitted to your needs.

Q. What do you mean by "properly fitted"?

A. Just this: There are two things I must watch. First, I must

This is a reproduction of N<sup>W</sup>NL's current national magazine advertisement.



not encourage you to become overenthusiastic, and buy insurance which you cannot afford to carry.

Q. You needn't worry about that with me. But go on. What's the second?

A. When you were a young married man, you might have bought a policy which does not meet your needs now, when you have a larger family. There are many such changes in men's lives. It is my job to keep track of your needs, to keep your insurance in order. It is important to you that I do this for you, for I can make changes in the insurance I have sold you without cost or loss to you.

Q. Does it cost me more to get this kind of service?

A. It does not. On the contrary, this new method of paying agents will tend to reduce the cost of life insurance to the public. It will reduce the number of lapsed policies, which represent a loss both to the policyholder and to the company. A lapsed policy usually means a wrongly sold or poorly served policyholder, and my company rewards me in direct proportion to the soundness and intelligence with which I sell you, and serve you.

**NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY**  
STRONG • O. J. ARNOLD, President—Minneapolis, Minnesota • LIBERAL



## Prominent Policyholder a Life Insurance Crusader

To achieve national fame within a few months in life insurance is unusual—but it has been done by Charles T. Davies of Wyomissing, Pa. Some months ago he made a talk before the Chicago Life Underwriters Association which "wowed" the thousand or more in attendance. It was estimated that the speaker sold perhaps a million dollars worth of life insurance that day, for upon his asking those members who would go out and buy more insurance on their own lives to rise, nearly the entire audience rose.

### Two Forms of Investment

In his Chicago speech, Mr. Davies showed a chart giving the results of two investments, one hypothetical and one real. Back in 1928 he had about \$300,000 to invest and chose to put \$304,000 into a single premium policy for \$500,000 instead of following banker and investment counsel advice to put \$315,000 into certain recommended securities. The present cash value of the insurance policy is approximately three times the present market value of the recommended securities.

Shortly after the Chicago speech, the "Diamond Life Bulletins" prevailed on Mr. Davies to permit printing of his talk under the title "Why I Bought Life Insurance." That little 16-page booklet has been by all odds the most popular life insurance booklet published in 1939, selling to date more than 60,000 copies and being used both in canvassing and as an approach mailing by many hundreds of life underwriters.

### Appeared on St. Louis Platform

At the National Association of Life Underwriters meeting in St. Louis, Mr. Davies again told his story before the Million Dollar Round Table. In October he spoke before the largest underwriters association meeting in 25 years at Indianapolis. A few days following, in Cincinnati, he again drew a record audience.

Following publication of his booklet "Why I Bought Life Insurance," Mr. Davies received nearly 1,000 letters. The majority came from life men thanking him for his message and usually telling of one or more cases closed through the help of his booklet. A considerable

number of letters were from business men asking for suggestions on their own life insurance programs. Since Mr. Davies not only made a fortune as a manufacturer and chemist but also owns more than \$1,000,000 of life insurance, his advice on financial affairs may be said to be authoritative.

### Answers Letters in Longhand

Mr. Davies is an odd combination of shrewd financial acumen and a profound philanthropic interest in people. He is exceedingly and sincerely gregarious, as witness the fact that he answered in longhand many of the hundreds of letters he received about life insurance.

Besides his gratuitous interest in life insurance, Mr. Davies owns a ranch in Montana, now being run by his son aged 23, and is active as vice-president of a Wyomissing bank. He was instrumental in starting a personal loan department in this bank which has made loans in excess of \$2,500,000 on unsecured notes, and every loan thus made is insured. During the last twelve months nine such borrowers died and the bank had the pleasure of sending a receipted bill marked "Paid in Full by Life Insurance" to the widow.

### Ambition Insurance

There are perhaps hundreds of successful business men in the country who own as much or nearly as much life insurance as Mr. Davies and who have gone on record by letter and otherwise expressing their appreciation for the institution of Life Insurance.

A phrase which is likely to become common is one used by Mr. Davies, who seldom speaks of "Life Insurance" but calls it "Ambition Insurance." He said that as a young man he had many ambitions and that each time he financed and guaranteed that ambition through life insurance. The inspiration and motivation that such a man can give to the life insurance fraternity by personal appearances and by his writings is indicated by the overflow audiences which greet him at each appearance. Mr. Davies has promised to incorporate in a second booklet more of his philosophy of life and life insurance.

that the money had been repaid or adequately secured. It denied that it was insolvent.

"When officers and directors," the supreme court stated, "loan trust funds, and particularly the funds of an association in which widows and orphans have a vital interest, then the statutes require diligence, care and skill—that 'diligence, care and skill' which ordinarily prudent men would exercise under similar circumstances in like positions. The duty to exercise such care is not discharged by loaning trust funds on open accounts or unsecured notes."

The supreme court upheld in all respects the judgment of the lower court against the association.

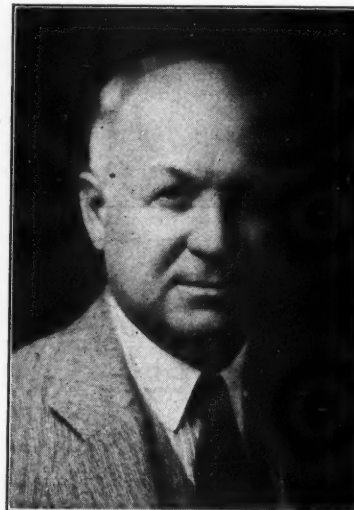
### Thomas Agency Retains Cup

The Little Rock, Ark., agency of the General American Life is the first general agency or branch office to retain possession of the coveted President's Cup for a second quarter. The Arkansas division under the leadership of Carroll Thomas won the cup for the best percentage of paid premium increase in the quarter ending June 30 and repeated for the third quarter.

W. H. Briggs, Jr., has become general agent in Paris, Tex., for the General American Life. Before entering life insurance he was with a large Texas utility for 14 years.

## Jones Reports on Operation of Replacement Pact

Frank L. Jones, vice-president of Equitable Society, in reporting as chairman of the committee on replacements of the Life Agency Officers, at the annual meeting of the Agency Officers-Research Bureau in Chicago, presented a table showing that among the signatory companies "opportunities offered other companies" consisted of 2,134½ cases for \$16,885,670, during the period of Jan. 1 to Aug. 31, 1939. The "opportunities received from other companies" consisted of 1,979 cases. Of this latter



FRANK L. JONES

amount 910.7 cases were conserved for an amount of \$8,310,261, and 1,172.3 cases were lost for an amount of \$10,129,894.

For 72 non-signatory companies, the opportunities offered other companies consisted of 502 cases for \$1,634,218. The opportunities received from other companies numbered 927 cases of which 363½ were conserved for \$1,828,062. The number of cases lost was 558½ for \$2,504,107.

Mr. Jones said that the committee desires to emphasize that it is seeking to conserve the policyholders' interests and values and that the plan is essentially one of giving him full information before he takes definite action to replace a valuable policy. Either company involved in a substitution case is encouraged to communicate at once with the other company to the end that steps may be taken to safeguard the interest of the policyholder and the companies.

Mr. Jones included in his report excerpts from his testimony at the TNEC hearings on June 21. Mr. Jones was questioned at some length regarding the functioning of the committee on replacement and he presented the excerpts of the testimony as indicating the point of view of the inquirers.

### Brennan Agency Has Turnout

Four home office men of Fidelity Mutual Life attended a staff luncheon of the J. H. Brennan agency in Chicago, initiating a business drive to wind up Dec. 31. There were present F. H. Sykes, vice-president, who commented on improved business conditions; C. T. Feddeman, agency assistant, and Calvin Pontius and L. J. Doolin, supervisors of agencies. D. A. Nash, Mr. Brennan's oldest agent in point of service, also spoke.

### White Named at Jersey City

Alexander White, formerly agency secretary of Bankers National Life, was appointed general agent in Jersey City by Manhattan Life.

## Committee on Agent Compensation Is Set Up

### S. T. Whatley Announces Move in Report on Research Bureau Activities

S. T. Whatley, in reporting as chairman of the executive committee of the Research Bureau at the annual meeting of the Research Bureau-Agency Officers in Chicago, announced that a new committee had been named on agents' compensation. The committee will study the whole question of agents' compensation and some of the related questions, and Mr. Whatley expressed the belief that the eventual report will be of profound significance.

The members are Claris Adams, president Ohio State Life; Richard Boisard, vice-president National Guardian Life; Jerome Clark, vice-president Union Central; Richard C. Guest, associate actuary State Mutual; M. A. Linton, president Provident Mutual; E. McConney, vice-president Bankers Life of Iowa; J. M. Holcombe, Jr., manager, and L. S. Morrison, director of research, Research Bureau.

### Morrison, Woodson Advanced

Mr. Whatley announced that Lawrence S. Morrison of the bureau's staff had been promoted to the new position of director of research and that B. N. Woodson had been promoted to the position of director of service.

Mr. Morrison joined the bureau staff in 1928, after having been engaged in banking, mining engineering and insurance in California. He is a graduate of Yale, class of 1911, where he was a member of the honorary societies of Phi Beta Kappa and Sigma Xi.

Since joining the bureau, he has been active in editorial and home office consultation work, but the major portion of his efforts have been directed toward the research projects. He has devoted much time to business factors of agency management and he is especially well known for his comprehensive study of agency costs. Mr. Morrison is a recognized authority in the field of agency cost work.

### New Service Director's Career

Mr. Woodson started in the business in Omaha with the old Bankers Reserve, now merged with Ohio National. After



B. N. Woodson

two years with that company and one year as agency secretary with Central Life of Illinois, he became associated with Mutual Trust of Chicago. In his seven years with Mutual Trust Mr. Woodson served in the various capacities of assistant to the president, agency secretary, manager for Washington and Oregon and regional manager in charge of a group of western states. In 1937, Mr. Woodson joined the service department of the Research Bureau as a consultant and a member of the staff of the schools in agency management. Since January, 1939, he has been director of the schools. In the course of his work with the bureau, Mr. Woodson has visited most home offices of the member companies.

Mr. Whatley reviewed the many activities and publications of the bureau

(CONTINUED ON PAGE 39)

## Judgment Against Idaho Assessment Concern Upheld

The Idaho supreme court has upheld the attorney-general in an action that he instituted against Beneficial Protective Association, Inc., to cause the association to cease issuing level premium policies and to cease certain other practices.

Beneficial Protective Association was organized in 1934 as an assessment association and issued mutual assessment benefit policies. Later it commenced to issue what it termed premier policies and service policies and two funds were maintained for the payment of benefits arising under the policies so issued.

About three years after incorporation certain officers of the association began borrowing corporate funds on unsecured promissory notes and on open accounts.

The attorney-general instituted an action charging the association was violating the law in issuing level premium policies and that the maintenance of separate funds was illegal.

In its answer, the association denied that the premier certificates provided for a level premium or that they violated the law. It admitted that it created two funds, one for the payment of claims under the premium certificates and one for the payment of other claims. It admitted the loans but contended that these were made to persons as individuals and not as officers and it alleged



## Springfield Gets Illinois Meeting

Officers School Is Held at Fall Gathering in Peoria

By C. D. SPENCER

PEORIA—The Illinois Association of Life Underwriters will hold its 1940 annual meeting in Springfield next spring. At the fall meeting in Peoria invitations were extended by F. A. Palumbo, Mutual Life of New York, as president of the Kankakee association, and by P. H. Huffstetter, Union Central Life manager, Springfield, president of the Springfield association.

John L. Taylor, manager Mutual Life of New York, Springfield, was made chairman of the legislative committee; A. E. McKeough, Ohio National, Chicago, second vice-president of the association, heads the membership committee; F. J. Manning, Metropolitan Life manager, Peoria, education, and F. A. Schnell, Penn Mutual Life general agent, Peoria, and president Peoria association, program; F. P. Beiriger, Connecticut Mutual general agent, Rockford, first vice-president state association, was named in charge of the special committee to investigate the advisability of employing an executive secretary.

### School for Association Officers

A special school for local association officers was held in connection with the fall meeting. B. J. Stumm, Northwestern Mutual Life general agent, Aurora, president of the Illinois association, presided and Roger B. Hull, managing director National association, led the discussion.

The Temporary National Economic Committee's investigation and the threat of a \$250 death benefit are expected to consolidate cooperation on association work during the coming year, Mr. Hull said. These threats give the association something to talk about in securing new members. If the \$250 death benefit becomes a reality, it will be an entering wedge for the government to get into the business, Mr. Hull predicted.

The advisability of providing local association officers with material for their bulletins was considered. Mr. Hull explained the various helps available to aid local officers and said that a folder giving reasons for a life underwriters association is helpful in recruiting.

### Membership Letter Suggested

Mr. Hull read a suggested letter for membership chairmen to use. It was decided that this would be sent out by the state president to any list which the local associations submit. It was urged that letters be supplemented by personal contacts with managers and general agents to get their cooperation in urging their agents to join the association. The desirability of publishing an advertisement giving a roster of members was brought out. Many were motivated to join the association in Elgin because they wanted to get their names in such an advertisement.

Mr. Hull said that the National association will furnish a handsome cover in which local associations can insert membership lists. The Springfield association got good results with such a membership list and distributed five copies to each member. The Chicago association has also had good experience with membership rosters. Cooperation in the essay contest being sponsored by the Life Insurance Institute was urged by Mr. Hull, who said that it was not necessary for the local association to put up extra prizes.

### New Film in Spring

The film, "Yours Truly, Ed Graham," is proving popular, according to Mr. Hull. There will be another film produced after the first of the year.

Although there has been some criticism as to the sales methods demonstrated in the film, Mr. Hull said that the public's reactions had to be considered foremost and that the film was not intended to depict modern sales methods.

The National association is willing to cooperate in securing speakers for local associations and the Illinois groups have the opportunity to secure Chicago speakers, Mr. Hull said. The staging of public meetings by local associations with a speaker to answer the attacks on life insurance was urged by Mr. Hull. If an outside speaker can't be secured, a professional man or public official can be given a text of life insurance objectives which he can present at the meeting. The advisability of having at least one meeting a year with bankers and lawyers present, especially in smaller towns where formation of life insurance-trust councils are not practical, was urged in the discussion.

### Join in Discussion

Among those joining in the discussions were Miss Joy M. Luidens, secretary of the Chicago association; F. P. Beiriger, Connecticut Mutual, Rockford, first vice-president; A. E. McKeough, Ohio National, Chicago; second vice-president, T. A. Lauer, Northwestern Mutual Life, Joliet; F. A. Palumbo, Mutual Life of New York, Kankakee; James W. Ross, Mutual Benefit, Peoria; W. B. Buckley, Metropolitan Life, Elgin, secretary state association; L. Mortimer Buckley, Provident Mutual, Chicago, president Chicago association; Philip B. Hobbs, Equitable Society, Chicago, and president Illinois association; C. F. Axelson, Northwestern Mutual Life, Chicago, past president Illinois association.

At the dinner there was a short, informal program. President Schnell of the Peoria association introduced President Stumm of the state association, who presided. Guests and congress speakers were presented and Harry T. Wright, Equitable Society, Chicago, vice-president National association, gave a short talk.

### PEORIA HIGHLIGHTS

The Illinois companies took an active part in the success of the congress, bringing large delegations of agents.

N. Eric Bell, state director of the State Farm Life, was present with a group of agents.

The Federal Life had a luncheon for 20 men with George Barmore, vice-president, representing the home office.

The Franklin Life held an all-day meeting and dinner on the first day and had a luncheon for 42 on the second day of the congress.

A luncheon for over 20 agents was held by the Illinois Bankers Life with Karl B. Korrad, vice-president, Frank L. Rexford, head underwriter, and H. G. Johnson, agency secretary from the home office.

Alliance Life agents held a meeting at the home office the day before the congress discussing sales problems and new life and accident policies which have been issued. B. T. Kamins, agency director, was in charge.

C. R. Garrett, Peoria general agent Northwestern Mutual Life, was active in making congress arrangements.

Luncheons were held by the Connecticut Mutual Life, Aetna Life and Penn Mutual.

N. M. De Nezzo, field supervisor Aetna Life, was on hand.

A. G. Taylor, Metropolitan Life and president of the Joliet association, returned to his old stamping ground for the congress. He was located at Peoria for several years as manager before he was transferred to Joliet. He was accompanied to Peoria by Thomas A. Lauer, Northwestern Mutual Life at Joliet, who ably handled arrangements at the annual meeting of the Illinois association in Joliet last spring.

Clarence W. Reuling, co-general agent of the Massachusetts Mutual at Peoria, introduced T. M. Green, million dollar producer for Massachusetts Mutual of Oklahoma City. Mr. Green is from the agency headed by J. Hawley Wilson, who was active in association affairs in

Peoria before he was transferred to Oklahoma City.

D. B. Murphy, Mutual Benefit, was active as head of the reception committee.

Lester O. Schriver, Peoria general agent Aetna Life, past national president, introduced C. T. Davies, Wyomissing, Pa., million dollar policyholder.

Harold J. Plack, general agent Midland Mutual, Peoria, was being congratulated on his recent election as president of the Peoria Kiwanis Club.

J. I. Thomason, Travelers life manager at Peoria, gave a luncheon for 30 men. He recently appointed two new field assistants, Thomas Coker and Earl London.

Frederick A. Schnell, Penn Mutual Life general agent, president Peoria association, presided at the morning session and Mr. Wardwell in the afternoon. B. J. Stumm, Northwestern Mutual Life general agent, Aurora, president of the Illinois association, urged support of the association movement. Roy L. Davis, assistant insurance director of Illinois, brought greetings from the department.

The National association was well represented with Harry T. Wright, Equita-

ble Society, Chicago, vice-president, speaking at the dinner; Roger B. Hull, managing director; Karl E. Madden, Penn Mutual, Davenport, and William M. Duff, Equitable Society, Pittsburgh, national trustees, and Lester O. Schriver, Aetna Life, Peoria, past president.

Springfield had 50 delegates present and Decatur had a large representation.

W. M. Duff, Equitable Society, Pittsburgh, was introduced by C. R. Golly, Equitable Society manager, Peoria.

Paul C. Otto, Connecticut Mutual general agent in Davenport, president of the Iowa association, was present.

Leo E. Boethig, Metropolitan Life manager, Waterloo, Ia., was introduced by Frank J. Manning, who gave Mr. Roethig his start in 1928 when Mr. Manning was manager at Milwaukee. Convinced of Mr. Roethig's ability, Mr. Manning did not have any regular debit for him when he applied for a position, so he placed him on a canvassing debit. After Mr. Roethig demonstrated his ability to get business, he was assigned to a regular debit and in three years wrote over



**"NONE SO BLIND AS THOSE THAT WILL NOT SEE"**

This illustration is not so far-fetched.

The ostrich tries to avoid the dangers of an emergency by hiding his own head.

Men sometimes try to evade responsibility by ignoring it.

It's a mistake in either case.

When your prospect persistently refuses to insure his life, he is playing blind man's buff with his family's future.

It's your job to get him to see.



**The Prudential Insurance Company of America**  
Home Office, NEWARK, N. J.

\$1,000,000 ordinary, better than average accident and health production and \$1 a week industrial increase.

**Paul Nelson**, Mutual Trust Life field supervisor, was looking out for his agents.

The contingent from Rockford was headed by Francis P. Beiriger, Connecticut Mutual, and C. D. Walker, Equitable Life of Iowa.

**C. F. Axelson**, Northwestern Mutual Life, Chicago, and past president Illinois association, who probably has done more for the association than any other person, especially in legislative work, was born and raised near Bureau, through which the Chicago train to Peoria travels. Mr. Axelson is a trustee of the University of Chicago.

**Barrett M. Woodsmall**, vice-president American Service Bureau, was present for the dinner.

### Veteran Manager Is Honored

**JONESBORO, ARK.**—C. W. Kinman, district manager Metropolitan was honored for 30 years service with the company at a banquet attended by 175 persons.

G. J. Spahn, superintendent of agencies, New York, was toastmaster. Others attending from New York included J. H. Van Horn, J. F. Senior and Archibald Owen, agency supervisors; J. F. Daniel, agency superintendent; Gale Johnston, division sales manager, and A. C. Sawhill, general assistant manager. Mr. Spahn presented Mr. Kinman a 30 year diamond service medal and the Jonesboro staff a gold wrist watch. Mr. Kinman joined Metropolitan as agent at Carondelet, Mo.

### Mrs. Leamora Licht Honored

**NEW YORK.**—W. J. Graham, vice president, presented the Equitable Society's Veterans' Legion 30 year pin and certificate to Mrs. Leamora Licht, associate general agent Ford agency in this city. Since Mr. Ford's retirement she has been acting general agent. Jeff Shor presented to Mrs. Licht an evening bag on behalf of the office staff and Jacob Wallach presented a watch from the agents. In responding Mrs. Licht expressed appreciation of the production drive in her honor. Other speakers were L. G. Simon, associate general agent; Harry Cohen, commander Ford post, Veterans Legion, and J. A. Silver, assistant manager.

### J. T. Haviland Joins Camps

**NEW YORK.**—John T. Haviland, formerly general agent and manager for several large companies, has been appointed supervisor in the Manuel Camps, Jr., agency of the John Hancock Mutual Life here. For the past year he has been a personal producer with the Holmes agency of the Connecticut General here. Mr. Haviland has a unique record in agency building, particularly the development of supervisors, managers and general agents, some of the most successful general agents having been trained under his supervision. He will assist Mr. Camps in building the fulltime organization.

In the 13 months since the agency started from scratch Mr. Camps has developed a group of 12 full-time men who were without previous life insurance experience. Frank McCaffrey continues as brokerage supervisor.

### Another Bank Enters Field

**NEW YORK.**—Bushwick Savings Bank of Brooklyn opened a life insurance department this week, making it the third in Brooklyn and the seventh in the state authorized to issue life policies under the law which went into effect last January. Seven other savings banks act as agencies for issuing banks. Savings banks in the state sold 6,699 policies totaling \$5,500,000 in the first nine months of operation.

**F. W. Thomas**, formerly San Antonio manager for the Texas Prudential, has joined the C. R. Fuquay agency of Franklin Life as a personal producer.

## Self-Regulation Is Most Effective, Declares Roger Hull

**PEORIA, ILL.**—The objectives of the National Association of Life Underwriters for the coming year were analyzed by Roger B. Hull, managing director, at the annual sales congress of the Life Underwriters Association of Peoria. The National association has always been interested in the affairs of the day and tries to be open minded regarding constructive criticism of the business. Mr. Hull believes that self-examination and self-regulation have been and will continue to constitute the soundest procedure. "We are conscious of our obligations to defend and preserve the rights of the 64,000,000 Americans who own a \$27,000,000,000 stake in the institution which affords them an opportunity to create their future economic security through their own efforts upon their own initiative."

Life insurance does not deserve hostile examination. Its patrons are at least in need of government solicitude. The National association is determined to defend and preserve the American public in its right to be served by competent life underwriters.

### Creative Salesmanship Important

Creative salesmanship has been an important factor in the development of the country. The American agency system is one of the essential foundations of the life insurance structure which has had so profound an influence upon the social and economic life of the nation.

Mr. Hull quoted from a talk given by Senator O'Mahoney of Wyoming, chairman of the temporary national economic committee, in which he made a plea for protection of free enterprise from attack by private exploiters and government. Mr. Hull hoped that the business could take Senator O'Mahoney at his word when he said: "We should devote all our patience and ability to encouraging individuals having savings, to invest those savings in every profitable form of free, private enterprise."

### Too Busy Developing

In explaining the need for better public relations, Mr. Hull declared that life insurance was so busy with progressive developments in the business such as new contracts and sales methods until in 1939 it found itself being faced with doubts and questionings. Today the business is faced with a new competition—a frame of mind on the part of the public.

### "Show Me" Attitude Developed

With the economic depression a "show me" attitude has been developed by the company. Mr. Hull expressed no fear of the consequences of questioning minds, but he urged the life insurance business to present its credits to the public and to determine what is troubling the public and to answer its questions.

### Adam Placed in Charge of Mortgages, Real Estate

The Penn Mutual Life has placed Herbert Adam, assistant vice president, in charge of mortgage and real estate activities, under the supervision of Financial Vice-president Thomas Newhall.

Mr. Adam has been with the Penn Mutual for 25 years. Since 1934 he has been assistant vice-president and supervisor of claims, and before that was associate counsel. For six years he was professor of insurance law at Temple University in Philadelphia.

W. E. Trout becomes supervisor of claims, in charge of the claims department, where he has been assistant supervisor since 1932. He has been with the company 23 years.

## Aptitude Index Is Deemed Vital Tool

### Cummings Tells Benefits of Newer Agency Selection Technique

Selection of agents who have the best likelihood of attaining success can best be done by use of the aptitude index developed by the Sales Research Bureau, Harold J. Cummings, vice-president and superintendent of agencies, Minnesota Mutual Life, declared in his talk before the Life Agency Officers Association in Chicago this week. He said upon the basis of the bureau's original study, it appears that 25 "excellent" appointees would mean more to a company than 100 with "poor" rating, and would avoid the great waste of time, worry, supplies and financing that would be spent on the other 75 men.

If a company employed 100 excellent agents, the bureau study showed, he said, over the first year there would result \$7,500,000 of business from those who survive (75 out of the original 100) ignoring production of those who did not survive the first year, and there would be 75 new appointees left over for further development. However, if 100 poor agents were appointed, those who survive would have produced \$1,833,000 of business, ignoring production of those who did not survive the first year, but only 39 would remain. There is thus, he said, approximately 100 percent difference in survival and a difference in volume of new business of over 400 percent.

### Index Has Great Future

"When we hear our authority say that five years hence 75 percent of the life insurance will be produced by men not now in the business, the part that such a tool as the aptitude index would play in the selection of the men who five years hence will produce three-quarters of the business becomes apparent," Mr. Cummings said. "And there is plainly presented to the companies an opportunity to assemble in a comparatively short time such a wealth of facts as might go far toward solving many of the selection problems that confront us today."

"Use of the aptitude index will prove to be a great time saver for the general agent. It can be administered by the cashier or an agency assistant and the general agent can then limit his effort to interview and sell to those individuals who rate A or B, or at least he can find a way not to put in his time on those who rate fair and poor. Perhaps there is nothing that will help more to sell a worth while prospective agent the business than the aptitude index."

### Center of Influence Angle

"The aptitude index will prove of great value to the general agent in building centers of influence for agency purposes. It can go a long way toward relieving the general agent of the problem of the 'borderline' case, which causes the general agent most of his trouble, his most frequent and largest financial loss. It is of great assistance in supervising the appointee after selection is made. Reference to the various points of information brought out in the aptitude index makes those items take on new significance as one widens his acquaintance with the new appointee."

Mr. Cummings emphasized that this index was designed for use only where there was no previous sales experience, involved no women, no part time men. It is intended simply to supplement and not take the place of the general agent's or manager's own judgment, and even when it is used the problem is not one of looking for numbers from which to select those who seem most desirable, but rather of seeking individuals who seem to have what the job takes and

using the index to check one's opinion. Mr. Cummings said agency departments should go seriously about the job of getting the index used. The accuracy of the index in predicting success or failure in given cases is more or less beside the point, he said.

"The company that fails to start soon to build its own data on this subject," Mr. Cummings commented, "will in due time find itself at a disadvantage. More and more information will become available based upon the experience of those companies using the aptitude index; by building records of our own we would be able to measure our own activities against the activities of the field and incidentally do our share toward building the great fund of information which together we could assemble."

He suggested that the bureau might assist further by suggesting methods and records which would make the pooled information most revealing and helpful.

"Many of the companies have already signed the better practices agreement, and certainly the use of the aptitude index is right in line with ideals behind that agreement. One wonders if some sort of collaboration might not be possible between the bureau on the one hand and the committee on better practices on the other, to see in just what way the aptitude index could be used to take us further on down the same road."

### Could Make Good Showing

"Finally, might it not be in the general interest of the business to be able to show that the companies as a whole are making concerted effort to learn more and more about the problem of selecting men who will likely succeed and who will give proper and adequate service to the insuring public?" he asked.

"Referring to the too much discussed investigation of life insurance, which I hear has taken an agency turn, isn't it fortunate that the aptitude index has been developed so far as it has, and might we not wish we had been thoroughly at it years ago, and have now an experience from all or the majority of the companies that would present adequate answers to some of the questions that may be asked, and may it not be equally desirable that we have such information as soon as possible in the future?"

### C. R. Boardman Honored

October was dedicated to President C. R. Boardman by the Wisconsin National Life. He celebrated his 79th birthday Oct. 28 and the agency organization put on a special drive for business as a tribute to him.

In the life department new business in October far exceeded that of any other month in 1939 thus far and showed a very satisfactory increase over October 1938. In the accident and health department there was an increase of 25.1 percent in new business over October 1938 and an increase of seven percent in premium collections. One of the pleasing features of this year's "Boardman Month" was the fact that business was received from a much greater number of agents than for several years past.

### Opens New Houston Office

J. P. Robinson, inspector of agencies West Coast Life, has opened a new office for the company at 515 Second National Bank building, Houston, Tex. Mr. Robinson will shortly announce the appointment of a manager for this office.

**Provident Mutual** assets for the third quarter showed a gain of \$4,454,000, making total of \$350,272,000 as of Sept. 30. Net insurance in force after deductions for death claims, matured endowments, and terminations increased \$566,000 to \$976,521,000. New paid business for the quarter amounted to \$13,901,000, a slight decrease from the corresponding business of the third quarter of 1938.



## Agent Is Looking for Leadership

(CONTINUED FROM PAGE 1)

public the place which life insurance occupies in the national life and the place of the agent. This movement will be of slow growth and there is an immediate and urgent need for leadership. A Monroe Doctrine is needed to preserve the integrity of life insurance, so that if any group makes a threatening move the business can see immediately whether it is being invaded.

The agent, Mr. Clark, said, is not merely the vehicle of life insurance distribution but he is a necessary and vital and integral part of life insurance itself. Life insurance is an intangible commodity that takes on additional values through the service and counsel of the qualified agent. Without his service and persuasion, life insurance becomes impotent and its value is lost to those who need it most.

### Superb Feat of Salesmanship

Mr. Clark expressed the belief that those who are most critical of life insurance distribution are those who have become so concerned with problems that they have lost sight of its service. The important test of any system of distribution is: Does it really distribute the product and does it reach the market at which it aims? He contended that life insurance has performed a superb feat of salesmanship, unsurpassed in size or degree by any other group of salesmen in the world. Problems exist yet the agency system is fundamentally sound, he declared.

It is true that thousands of men have failed to earn a decent living as agents but it is also true that thousands of others are doing well. Life insurance today is a better product than it was 20 years ago. It has taken on new values through the counsel and service of the agent. The number of C. L. U. graduates represents a trend forward in which the public will be the beneficiary.

### Establishing Sales Policy

The first step in laying out a program of action is to establish clearly and categorically the sales policy of the company, he said. Determination should be made of the kind of business that the company is going to sell, the kind of market that it is trying to seek; the kind of control it is trying to exercise. Against a clear background of these decisions, much of the confusion in recruiting, training and supervising disappears, he said.

The second point in the program is to keep the market after it has been obtained. The lapse problem has been attacked by the companies with vigor and understanding and the records show an improvement that is impressive, he said. Nevertheless there is yet much to be done. The agent is the one who determines the initial quality of the business and he is also the one whose service keeps the business in force. He said that the agents performed a great service in the dark days of the depression in preventing policyholders from becoming panic stricken. It may be true that the agency compensation basis is a survival from the missionary days of life insurance when new business was the big and only problem. Perhaps the program of action should be directed to the financial relationship with the agent. "It seems to me that we should consider modifying our compensation basis in some way which will give greatest financial profit to the agent who produces the kind of business which yields the greatest financial profit to the company."

### Myrick Total Over Million

NEW YORK—The J. S. Myrick agency of the Mutual Life in New York City paid for \$1,029,657 in October as against \$1,128,284 in October, 1938. For the year to date the total is \$10,811,016 as against \$15,046,793.

## Bids Are Made for Assets of American Life, Detroit

LANSING, MICH. — Six bidders who are amenable to suggestions of the court for amendment of their proposals, presented plans for reinsurance of assets of the defunct American Life of Detroit at a hearing before Circuit Judge Carr. Five proposals were by companies operating in Michigan, including two of Detroit, and the sixth by a Detroit capitalist who would form a new company which eventually would be mutualized.

Commissioner Emery, permanent receiver, submitted the plans, stating the department's sole interest is to obtain the best possible proposal in the interests of the 27,000 policyholders. Out of court, he was optimistic that eventual loss to policyholders, if business conditions are fairly good, would be slight and might be nil. He emphasized that though temporary liens asked by all bidders might seem high, competent management of the reinsured assets would have a good chance of reducing the lien earlier than the suggested terms. The chief factor, he conceded, is the eventual valuation of large property holdings in the Detroit area and the Rio Grande valley region of Texas.

### Liens Run From 60 to 75 Percent

Suggested initial liens ranged from 60 to 75 percent over terms of 10 to 15 years. The lien plans vary only in detail. Commissioner Emery indicated the reinsurance deal that is approved would contain the best features of all the proposals.

The bidders' representatives explained their proposals. The plan embodying the lowest initial lien, 60 percent, was that of Federal Life, with a lien term of 15 years. Isaac Miller Hamilton, board chairman; President L. D. Cavanaugh, and counsel represented that company.

In contrast was the 75 percent lien proposal of Central Life of Des Moines, with a 10 year lien term, presented by William Poorman, vice-president and actuary, and Counsel Carr. A 10-year lien term also was proposed by the Life of Detroit, new company formed a few years ago on assets of the old Detroit Life. This company offered to let the department "write its own ticket" as regards the proper amount of initial lien. Representing this bidder were President T. F. Lawrence, William Corcoran, New York City, consulting actuary, and Theodore Levin, counsel.

### Other Propositions Offered

Michigan Life, headed by Alex J. Groesbeck, former governor, offered a 70 percent lien for 15 years, being represented by L. J. Treanor, vice-president and general manager; Col. Samuel Pepper, general counsel, and A. A. Speers, actuary.

American United Life offered a 65 percent initial lien for 15 years, being represented by Robert Adams, general counsel, and Frank Haight, vice-president and actuary.

C. A. Owen, Detroit capitalist formerly connected with agency activities of the Maccabees, proposed to reinsure the assets in a new company, being accompanied by Attorney Swaney, Detroit.

The court took the proposals under advisement without comment. The company had some 33,000 policyholders and \$60,000,000 insurance in force prior to the initial receivership order April 12, 1938. Insurance now in force is estimated at approximately \$45,000,000.

### Cox on Texas Tour

Ray P. Cox, vice-president and agency manager California-Western States Life, has just completed a series of agency meetings with agencies in Texas, including Houston, Dallas, Beaumont, Corpus Christi, San Antonio, San Angelo, and Amarillo.

## Ohioans Fighting Bigelow Proposals

COLUMBUS—Ohio insurance men are vitally interested in and disturbed by the two Bigelow amendments. Representatives of 11 state-wide insurance organizations met here to consider ways and means of opposing the amendments. Homer Trantham, executive secretary Insurance Federation of Ohio, was selected as chairman.

If the amendments are adopted the 2 percent real estate tax levied by Amendment 1 would of course apply to all home office buildings in the state, as well as to all city real estate acquired as a result of making mortgage loans, since lawyers unanimously agree that buildings, as well as the land itself, would be taxed. The income tax levied by Amendment 1 would apply to all companies operating in the state and all officials, agents and employees whose

income is sufficient to bring them within the taxing provisions of the present federal income tax.

Among new taxes feared by insurance men are occupational and business on companies and employees, payroll tax, increase in the general sales and use taxes, increase in the intangible tax on domestic companies, increase in the premium tax on foreign companies, the levying of a premium tax on domestic companies, a stamp tax on documents, checks, etc., advertising tax and a gross receipts tax which would reach insurance premiums of all types.

### C. J. Muller Is Honored

C. J. Muller was guest of honor at a luncheon in Los Angeles. He was presented with a certificate of membership in Class E of the Prudential Old Guard, having completed 25 consecutive years of service. He has been with the company in all for 30 years. He started in 1904, was transferred to Bay City, Mich., in 1906 and went to California in 1909.

## To Have and To Hold

The special Modernized Systematic Savings Plan featured by the Bankers National Life Insurance Company is not only a good investment—it's good business, and every dollar **YOU** invest in it does double duty.

This Modern Plan has all the advantages of low cost ordinary life in event of death . . . all the disadvantages of endowment forms in event of survival . . . cash withdrawals without policy loan interest any time after payment of second premium . . . guaranteed interest at the rate of 3½% on savings . . . privilege of reducing premiums to ordinary life rate at any time without evidence of insurability . . . payment of face amount **plus** savings in event of death . . . payment of face amount at end of 25 years.

Have you a difficult prospect who claims he can invest the difference between low cost and endowment forms and be ahead of the game in event of premature death? Have you explained the difficulties of saving sums regularly . . . of putting new principal and earnings to work earning interest at once, of avoiding losses over so long a period?

Tell him that you can do this for him, and in the event of death pay his beneficiaries both his life insurance and savings accounts. Tell him the plan is also available to children ages 1 day to 14½ years for educational and protection purposes, with or without waiver of premium benefit on the parent. Would he be interested? . . . Think it over.

# BANKERS NATIONAL LIFE INSURANCE COMPANY

MONTCLAIR \* \* \* NEW JERSEY

## Parkinson Grilled at TNEC Hearing

(CONTINUED FROM PAGE 3)

of the world, to diagnose without trying and not submit everything to trial and error," the witness replied. "This is one of the things I should be content to decide without actual trial."

"And yet, Mr. Parkinson, just think how unfortunate that would have been in the state of Massachusetts if those who had an opinion such as yours had won out and savings bank life insurance hadn't come into effect. There, because some were willing to try it, we have a cheap form of insurance which is fulfilling a service and which some people at first find fairly satisfactory because they take policies in it. Even insurance people take policies in it."

### Bought by "Shrewd New Englanders"

"It is fulfilling a service," Mr. Parkinson answered, "but it is not fulfilling the service of a modern life company such as our Equitable Society. If I may add to that a word, it began as I remember, in 1908 and there are now \$150,000,000 in force in Massachusetts. It covers varied types of people, some wage earners and many who are just shrewd New Englanders who sharpen their pencils and get that kind of insurance protection at a little less than is charged by the regular line companies."

"Yes, the difference, I think, between \$2.70 of premium and \$8.35 premium, a pretty good difference," Gesell put in.

"Is that the difference?"

"In some instances, yes."

"Isn't that the difference of getting but, not the difference of staying in?"

"I think not."

Mr. Parkinson continued:

### Contrast with Group

"What I wanted to add by way of contrast to emphasize what I mean by service, at about the same time that Massachusetts savings bank insurance was developed, the Equitable developed group insurance. There are now in force \$13,000,000,000 covering the wage earners of the country and providing for their families."

"Now we are interested in the social service of life insurance and I submit that that indicates the difference between the active, energetic solicitation of an opportunity to serve the insurance needs of the country and just sitting back waiting for those who have the initiative and other means of coming and paying the cash and getting it and carrying it away."

### Frank Takes a Hand

Gesell made quite a point of the fact that if an applicant for life insurance were to insist on buying without an agent's services, he would still have to pay the regular premium. Chairman Jerome N. Frank of the SEC took a hand in the questioning, which was based on the theoretical desirability of the statutes prohibiting price differentials.

Said Mr. Parkinson:

"My answer is, Commissioner, that it is so desirable to have people who are competent to render those services and so necessary to have them make a living in the business as full-time agents and permanent agents, if they are to be competent, that I should prefer as a matter of policy not to encourage anybody to take our policies the way you suggest so that they could save that portion of a premium."

### Not Critical of Pressure

Answering Gesell's questions on pressure in selling, Mr. Parkinson said he had seen so many cases where people had complained about pressure and then their policies matured as claims within a few weeks or months that he always hesitated to be very critical of the agent who presses his persuasion on the man who seems to have the need. He made it clear, however, that in advocating sales pressure where there is a need it was not because of interest in mere volume.

Commissioner Leon Henderson of the SEC got off into a discussion of the mor-

ality risk to the company arising from "overselling." Mr. Parkinson pointed out that unless there were anti-selection the amount sold would have no bearing on mortality and as a practical matter is held in line by the underwriting department.

Gesell wanted to know about "all the policyholders who were high-pressed into buying more insurance than they wanted and were unable to keep up the premiums and it lapsed." This was after Mr. Parkinson had told of letters of appreciation from widows whose husbands had bought insurance only after much persuasion. He answered Gesell's question by saying it is better to have been insured, even for a while, than not to have been insured at all. Such policyholders were protected during the time their policies were in force and any one of them might have been among those who died, he pointed out.

In answer to Frank's query, Mr. Parkinson said the fact that a large number of persons drop their insurance does not mean that they had bought more than they could or should afford. He conceded, however, that a very large volume of lapses does raise the question of overselling and said that "we are confronted with such questions all the time." Senator King, who has always had a good word to say for life insurance at these hearings, came to the rescue at this point.

### Hard to Draw the Line

"It would seem to me," he said, "that it would be a little difficult to determine just where to draw the line and of course if you have reputable insurance companies and reputable agents and they have met the requirements of the state under which they are organized there is a presumption that they are not brigands, that they are not pirates, but they are doing a legitimate business."

During Gesell's questioning on agents' earnings and agent turnover, Mr. Parkinson pointed out that in appraising the latter figure it must be borne in mind that it includes even those who didn't get through the training course. He said that if every entrant in the Harvard law school had to have a license in the Massachusetts bar before he could be trained at Harvard, the turnover in the Massachusetts bar would be terrific.

Mr. Parkinson revealed that the Equitable's experience with paying sal-

aries to agents has proven unsatisfactory and said that "we have pretty definitely determined that the desirable way to compensate the man who performs this service of modern life insurance is in accordance with what he does." In defending early production volume as a criterion of an agent's success, Mr. Parkinson said the company is not interested in what the man adds to the volume of business but that low production indicates a lack of the quality that will ultimately make him a successful, income-producing representative.

Gesell read into the record a letter to Mr. Parkinson from W. M. Duff, head of the Woods agency of the Equitable in Pittsburgh, which mentioned the fact that 25 percent of the agency force produced only 10 percent of its business, yet consumed 50 percent of the management's time. Gesell asked if it were not true that for the entire company about 25 percent of the agents produced 64 percent of the business, an approximation with which Mr. Parkinson agreed.

### No Stockholder Angle

As to whether or not the Equitable's recruiting policy results in the lowest possible cost, Mr. Parkinson reminded his interrogators that the aim is not to make money for stockholders or to keep net costs at the lowest possible but rather to expand the company's services. He said he could easily restrict activities, territorially, occupationally and otherwise so that there would be a much lower net cost but that what the company is trying to do is to give the widest possible coverage to the greatest number of people at a cost which they will stand.

Asked about where the company's growth should stop, Mr. Parkinson indicated that in view of the present \$1,500 average policy and the present number of policyholders, the field is so large that there is no telling what the eventual ceiling might be.

### Asks SEC's Aim

Senator King spoke up again, this time to ask if it were the SEC's thesis to reach a conclusion or announce as a policy that life companies shall not increase in size or in number of policyholders. He asked if the examination were aimed at tearing them down or restricting their activities, their capital or the number of their policyholders.

Gesell assured Senator King that the purpose was solely to give a factual presentation of the companies' size and what they are doing. He denied ever having attempted to inject his personal opinions

into the problems under discussion, but said that it seemed to him that if the committee is interested in concentration of economic power it is interested in knowing what the possibilities of growth of the insurance business are.

"Those are simply the questions I am considering," said Gesell. "Since they involve to some extent not just the operation of the business but matters of management policy as well, I have been considering those as part of the study."

### New York Increase Limit

Mr. Parkinson mentioned that one limitation on growth is the New York law which limits new business to a 10 percent increase over the amount done the previous year.

Gesell went in some detail into company and agency sales contests. After citing a list from the Ott agency in New York City, he said, "You must have the agents stirred up into a continuous state of emotion." Mr. Parkinson said the extraordinary thing is that the agents like it and expect it "because the work they do is missionary and is a drain not only on the nervous system but on the emotions."

He said that despite a certain amount of undesirable business, termed "hokey" business in a letter from Manager A. M. Embury of Kansas City, defects in the campaigns can be eliminated and the campaigns have advantages that it would be undesirable to eliminate. Facetiously, Mr. Parkinson expressed surprise at the mildness of Mr. Embury's designation, saying that "Pick Embury has about the choicest vocabulary of anybody this side of the Rocky Mountains."

### Lapse Rate Improved

Confronted with Sales Research Bureau lapse figures indicating the Equitable's lapse rate was worse than the average for the 20 "A" companies, Mr. Parkinson said that this was only for the first year, second year lapses being about the average. He emphasized that the Equitable does a national business, not restricting its business as to occupations and risks. He said he believed the situation has been considerably improved by the new managerial contract which lays less stress on first year production.

Asked why the Equitable withdrew from the intercompany agency practices agreement, Mr. Parkinson said it was to enable it to hire probationary part-timers, a practice forbidden under the agreement. He denied that plans to reenter Texas or that the probability of appointing part-time agents there had anything to do with it. Gesell read into the record a letter from T. M. Riehle, general agent, New York City, strongly protesting to Mr. Parkinson against withdrawal from the agreement.

### Henderson to the Rescue

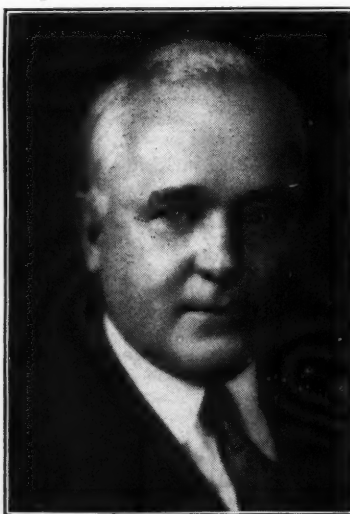
Mr. Parkinson said that while the company welcomes suggestions from the agents and managers, "of course we are not guided by them." Commissioner Henderson later asked him if he wanted to amplify that statement. Mr. Parkinson said he meant "control" rather than "guide," and thanked Henderson for bringing up the subject. Henderson caused considerable mirth by observing that "some of the agents might be reading this record."

Gesell questioned Mr. Parkinson at length on the Equitable's reentry into Texas in 1937, particularly as to the cost of reestablishing its representation there. He was particularly interested in setup under which former agency vice-president W. W. Klingman became general manager, with his two sons as local managers at San Antonio and Dallas.

### Asks About Bank Deposits

Gesell asked about opening home office accounts in Texas banks as a means of building good will but Mr. Parkinson said there was nothing unusual about the deposits that were made, since the company had large amounts of cash. As to a letter from Vance Bushnell, second vice-president, suggesting that it would be good business to place accounts in Texas banks, Mr. Parkinson said that

## Give Testimony at TNEC Hearing



T. I. PARKINSON

T. I. Parkinson, president of Equitable Society, and Arthur Coburn, vice-president Southwestern Life of Dallas, were two of the principal witnesses at the latest hearings conducted by the



ARTHUR COBURN

SEC for the TNEC in Washington. Mr. Parkinson and Mr. Coburn expressed somewhat contrary views on conditions existing in the field of life insurance selling.



this had carried no weight with the finance committee in its decision on making deposits.

Testimony given by Vice-president Coburn of the Southwestern Life was largely an amplification of the description of the Southwestern's agency development plan which appeared in THE NATIONAL UNDERWRITER for Oct. 13. He said the company increased by \$75,000 a year its expenditure in selection and training of agents and thereby increased its cash earnings by \$300,000 a year. Before the new system was adopted it cost \$500 to train a recruit and one out of 10 stayed, resulting in a cost of \$5,000 to train a permanent agent. He favored guaranteed salaries for new men.

#### Savings in New Plan

Under the new system it costs \$1,597 to recruit and train a man, but six out of 10 remain, resulting in a lessened overall cost for training per man who stays. There is also a salary loss of \$300, so the cost should be figured at about \$1,900 per man for recruiting and training, Mr. Coburn said.

Agents' incomes increased, on the average, from \$1,200 in 1933 to \$2,043 in 1938. This was done, he said, by writing more business and keeping more of it on the books. He compared the records of two agents to show how lapses can be controlled by proper underwriting on the agent's part. Saying that 47 percent of the Southwestern's business is on a monthly basis, Mr. Coburn pointed out that whereas a policyholder who pays \$48 for a \$1,500 20-payment life policy on an annual basis loses \$33 (the difference between \$48 and one year's cost of protection) by lapsing at the end of a year, he would lose only \$2.75 (\$4 less \$1.25) by buying on a monthly basis and lapsing at the end of a month.

#### No Missionary Spirit

Mr. Coburn made it clear that while the Southwestern's directors are not lacking in public spirit, they are hard-headed business men and the company's aim is to make money for its stockholders. He agreed with Gesell's statement that the company can meet the demands of hard-headed business men and still conduct its business in the public interest.

The witness said it is more profitable not to grow too fast and that as far as the policyholder's point of view is concerned he did not believe that company is under any obligation to extend to states outside Texas.

"We heard considerable yesterday about the missionary spirit in life insurance and the desirability of carrying its message throughout the land as a public service," said Gesell, referring to Mr. Parkinson's testimony. "I take it you are not in accord with that."

#### Half-Billion Called Optimum

"Our board of directors does not have a missionary spirit," said Mr. Coburn dryly. He said he believed that the maximum efficiency is obtained in a regular life company with half a billion dollars of insurance in force and that substantial, orderly growth up to that point is definitely advantageous from an operating point of view, that beyond a billion dollars it is a problem to maintain the same efficiency and that only one company in this country has solved it. He did not name the company.

Senator O'Mahoney of Wyoming, TNEC chairman, was on hand for the opening of the hearing, which was before the full committee rather than the subcommittee which heard the testimony at the previous hearing. O'Mahoney presided only a short time, however, being succeeded by Representative Reece of Tennessee and later by the vice-chairman, Representative Hutton Sumners of Texas.

#### Canadian Sales Up 32.9 Percent

September sales of new ordinary life insurance in Canada and Newfoundland increased 32.9 percent, the Sales Research Bureau reports. The total was \$37,117,000. Sales for the first nine months were \$290,462,000, an increase of 3.43 percent.

## Social Security Is Not Sole Answer

(CONTINUED FROM PAGE 4)

"And here one runs into a principle of private insurance which has a very definite parallel in social insurance. We in the field of private insurance have learned that it is highly undesirable from the viewpoint of the company, no less than of the assured, to expand insurance programs for individuals beyond ability to afford them.

"Private insurance programs must be measured, as the sound underwriting rules of companies recognize, in terms of the capacity of the assured to carry out not only their obligations thereunder, but also their other responsibilities toward themselves and their families.

"In like manner, the cost of social insurance must not exceed the capacity of society to afford them, taking into account its other responsibilities. Moreover, since a social insurance plan is generally, by its very nature, a long range program whose costs may increase with time, the obligations must be considered not only from the point of view of the immediate future, but also, so far as that is possible, of the more distant years ahead.

#### Must Avoid Disillusionment

"Failure to be far sighted in this respect may well threaten the very foundation of the social order which this insurance is designed to strengthen. It seems far better to promise little and to fulfill the obligation than to promise much and fail—for there is no greater danger to democracy than a disillusioned people."

He developed the thought that individual insurance is essential in any social security program. It would be harmful to stifle individual initiative.

"The success of democratic processes depends largely on the extent to which the individual may and does assume his own responsibilities as a citizen and as a family man," Mr. Hohaus said. "Among the responsibilities he naturally feels most keenly are those concerning security and welfare of those dependent upon him. He will wish to set his own level of protection, and individual insurance programs give him the necessary opportunity to do so.

#### Volume in Force Is Test

"The very large volume in force reflects better than anything else I know the real value of this insurance to our people. Indeed individual insurance is an institution essential to and characteristic of that innate spirit of self-reliance, which is and must continue to be essentially American."

Similarly, he said, group insurance, by providing a measure of security on a basis designed to preserve or bolster the dignity of individual employees, has "indeed become an important element in maintaining not only good industrial relations, but also that faith and confidence in the existing order on which the democratic spirit thrives."

## Efforts to Promote Persistency Made

(CONTINUED FROM PAGE 6)

ers of America are over-insured," he said.

The group of which Mr. Bossert is chairman, he said, has been seeking to try to stimulate interest in the study of improved compensation plans for agents. Despite the fact that high grade agents produce high grade business and make a high grade living, regardless of the method of compensation, there is a certain hypocrisy in teaching the average agent quality on the one hand and paying him for quantity on the other, by adhering to the usual large-first commission and small limited renewals. A

substantial change in the method of compensating agents would cause reverberations down the line.

Eustace Brock of Great-West Life was assigned to review the important comments and action that have been taken on the subject of agents compensation. A copy of Mr. Brock's report is being distributed at the Chicago meeting, Mr. Bossert said. It includes a statement of 11 elements of the problem, going to the roots of the present system. Mr. Brock was unable to attend the Chicago meeting, because of war duties.

An investigation of awards and agent recognition was conducted by D. G. Mix of State Mutual Life and Karl Ljung, Jr., of Jefferson Standard. A booklet that they have prepared was also being distributed. The booklet concludes that honors should be emphasized and second place should be given to tangible awards.

#### Study of Record Keeping

Another member of the group, P. C. Irwin of Equitable Life of Iowa, made a review of the method of keeping records of persistency by companies and his work has been put into booklet form and was distributed. He discovered that a number of companies traced persistency down to the individual agent. Mr. Irwin's work indicates the importance of having complete persistency records and of using them in an intelligent way to promote greater persistency.

Another report was distributed comparing the persistency of life insurance with other financial contracts. It shows that 12 sound building and loan associations experienced lapse rates that were better than life insurance in only the first year or two. Over a period of 10 years they showed a poorer persistency than life insurance. The forfeiture charge imposed upon the building and loan shareholders in the event of surrender before maturity was progressively greater in these associations as the shares grew older, which is the reverse of the situation in life insurance.

Savings accounts and Christmas clubs have a higher termination rate in the first one or two years than life insurance. Installment contracts for the sale of automobiles, especially used cars, have a high termination rate and a heavy potential forfeiture. The human tendency to postpone meeting regular payments

is evident. The tendency is not peculiar to life insurance.

#### New York Employees Group Plan

Supplementing the group accident and health plan arranged in 1936 for the Association of State Civil Service Employees of New York, which was placed with the Commercial Casualty by C. A. Carlisle, Jr., an Albany broker with Ter Bush & Powell of Schenectady, the plan was extended last June to cover employees in more hazardous positions through a non-occupational policy paying for accidents not covered by compensation and for illness. Since that time nearly 6,000 state employees have enrolled, in addition to the 4,000 already covered. The annual premium runs around \$200,000 a year and about 1,500 accident and sickness claims are adjusted each year. It is interesting to note that about 90 percent of all claims are for sickness and only about 10 percent for accidents.

More recently a group life insurance plan for New York state employees was also put in force with the Travelers. It was decided that it would be necessary to obtain applications from at least 30,000 of the 45,000 state employees. Under that plan, about \$35,000,000 of insurance is now in force with premiums of over \$300,000 a year.

#### Tunmore Anniversary Fete

General Agent J. S. Tunmore of the Provident Mutual Life in New York City, was the guest of the members of his agency at a surprise luncheon marking the 35th anniversary of his joining the company. F. C. Morss, manager of agencies, and M. L. Williams, assistant manager of agencies, were on hand from the home office.

#### Orr to Speak at Newark

NEWARK—M. R. Orr, Philadelphia general agent Massachusetts Mutual, will be guest speaker at the dinner meeting of the Life Agency Supervisors' Association of Northern New Jersey, here Nov. 21. President W. E. Davies will preside. Mr. Orr is past president of the Philadelphia Association of Life Underwriters.



## Meet Mr. SCHAAD

General Manager For Midland Mutual. Marion, Ohio

"I represent a company that believes in building man-power. My contract dates back to September 7, 1911."

Mr. Schaad is right. Men stay with the Midland Mutual because of unlimited possibilities through agents' liberal contracts, constant training, proper promotion and a reliable company—older than any of 83% of all companies in the United States and greater in assets than any of 86%.



Write for your copy, "Are You Flying the Beam?" See the type of aid furnished free to agents by the Midland Mutual.



MIDLAND MUTUAL LIFE INSURANCE COMPANY COLUMBUS, OHIO

## EDITORIAL COMMENT

### Imposition Placed on Companies

THERE is general complaint at home offices regarding the latest questionnaire that has been sent out by the TNEC committee making extended inquiry as to agency practices in a manifold way. The general impression is that it will be impossible to extract all the information that is required. In some cases data is asked back as far as 1920. Executives say that they do not mind giving reasonable information if it will actually be used. However, they are of the impression that the TNEC in sending out at the close of the year, when every one is going at full speed and every department is pressed for time, an urgent demand is most unjust and unreasonable. The questionnaires have to be returned by Dec. 15. Some of the information has to be secured by the actuarial department. Most of it comes from various divisions of the agency departments. The belief prevails that this is a decided imposition.

on companies particularly at a time of the year when every one is so busy.

This brings to mind that state insurance departments and public authorities seem particularly gifted in their desire to extract more and more information from head offices along lines that are apparently beyond the pale of those seeking it. It is a very easy matter to send out a questionnaire that demands comprehensive information that has to be dug out of the records entirely. This, however, requires much time and added expense. The unfortunate part of the whole proceeding is that the mass of material gotten seldom serves any practical purpose. It would be a delightful condition in insurance if questionnaires could be set aside for three years and those sending out the questionnaires would go on a fishing trip for a year or so. Companies would be rid of an unnecessary nuisance.

### Responsibility vs. Irresponsibility

IF YOU were facing a serious operation would you prefer to have the services of (a) the Mayo clinic or (b) a group of the most brilliant of this year's crop of medical school graduates whose self-confidence far outweighed such trifling considerations as lack of experience? There is a close parallel between the answer to that question and the feelings of insurance men toward the apparent efforts of the SECURITIES & EXCHANGE COMMISSION, through the monopoly investigation of insurance, to bring about federal control of life insurance and, presumably, eventually all branches.

The medical analogy, however, falls short in one particular: It is impossible to picture even the newest member of the medical profession going at any job with the blithe irresponsibility that has so far characterized the insurance "study" of the SEC.

The contrast between responsible, seasoned, experienced supervision and its opposite was sharply brought out last week. The NEW YORK legislature's joint committee on insurance law revision was holding hearings at the same time as the monopoly committee's hearings on agency practices. The NEW YORK committee was obviously and sincerely attempting to find out how the insurance law governing industrial could be improved. Rather than miss anything that might be valuable, it patiently sat through a considerable amount of talk that was quite irrelevant to either

the bills under discussion or to the subject of industrial insurance.

Through all these tests of its patience the committee preserved a remarkably open-minded attitude. Four elements were represented: The companies, the CIO agents, the anti-CIO agents, and the insurance counsellors. Probably each member of the committee has some pretty strong personal convictions, but it would have been impossible for an observer to detect any bias. Even the rebukes were administered impartially.

At the monopoly committee hearings, on the other hand, there is never any doubt as to how the investigating body—the SEC—feels toward the witnesses it is putting on the stand. Those who do not testify precisely along the lines that the SEC likes are put on the defensive and treated so that even their most commendable actions are made to appear somehow discreditable. On the other hand, a witness who gives out the sort of answers that the SEC is looking for need have no fear of embarrassing questions from the examiner.

When Justice W. O. DOUGLAS, former chairman of the SEC opened the commission's presentation before the monopoly committee last February, he emphasized that the study was aimed at bringing out all the facts. As President L. A. LINCOLN of the METROPOLITAN has pointed out, if "all the facts" were sought, it seems incredible in all the probing that has been done that nothing commendable about life

insurance should have been brought to light. Yet nothing has been said about the beneficent side of life company operations.

Whatever the objectives of the SEC are with regard to insurance, insurance men would certainly breathe more easily if they felt that the commission were seeking improvement in the same open-minded way that the NEW YORK legislature is. When a public body of the power and standing of the SEC feels, as it apparently does, that it would endanger its objectives by presenting a full and truthful picture of the operation of the institution of life insurance, insurance men and the general public have grounds for suspecting that

the SEC must be so anxious to attain its ends that it is not particularly fussy about the means.

Those who are interested in preserving the vital role that insurance has can hardly be blamed for shuddering at the possibility that the business might be turned over to the mercies of an authority which has shown itself so irresponsible about the possible harm it might do with its unjustified smear campaign. The SEC's apparent preoccupation with academic perfection and its total disregard of practical considerations lay it open to the suspicions of all those who want to see the institution of insurance continuing in its great work. We want a really constructive probe.

### Holgar Johnson—Man for the Job

IT is very gratifying to the life insurance fraternity in general to learn that HOLGAR J. JOHNSON, general agent PENN MUTUAL LIFE at Pittsburgh, and immediate past president NATIONAL LIFE UNDERWRITERS ASSOCIATION, has been elected president of the INSTITUTE OF LIFE INSURANCE, an organization established early in the year which has within its program great opportunities for constructive work. It seems fitting that a man of Mr. JOHNSON'S prominence in the field, one who has been in contact with the people, should be the pilot in work of this nature which certainly involves the highest form of public relations. He has demonstrated his fitness for the position. In his addresses, while president of the NATIONAL LIFE UNDERWRITERS ASSOCIATION, he stressed frequently the need of presenting to the public a clearer,

more definite and more convincing picture of life insurance as it worked. He would strip it of all mystery and tell a plain unvarnished tale.

Owing to the SEC investigation and the apparent desire of the inquisitors to becloud the issue and bring forward and exaggerate any elements that seem deserving of criticism rather than to obtain a true understanding, the public probably has acquired a distorted view. As is known, the inquisitorial committee has discovered very little that reflects on the institution itself.

Mr. JOHNSON is not a ranting crusader and yet he has enough of the crusading spirit to go about his new work with enthusiasm. It will take zeal, courage and sound judgment to promote the enterprise and bring to the front the utmost good that it has in mind to accomplish.

## PERSONAL SIDE OF THE BUSINESS

Maurice S. Tabor, president C. S. Elliott Co., Buffalo general agent of the Travelers, was honored at a dinner on his 20th anniversary with the company. E. A. Dunlap was in charge of arrangements. About 50 friends and associates of Mr. Tabor attended.

Louis Throgmorton of Throgmorton & Campbell, Shreveport, La., general agents of the Aetna Life, directed the morning service in the King's Highway Christian Church in his city last Sunday owing to the absence of the pastor.

John H. Guthery of the Marion, O., agency of the Ohio State Life and Mrs. Guthery observed Sunday their golden wedding anniversary on the old Guthery farm near La Rue, O., where Mr. Guthery was born 75 years ago. Their son is now operating the farm. Mr. Guthery is one of the oldest representatives of the Ohio State Life.

One Mr. Grogan of Des Moines went to the hospital to photograph his brand new son, and the nurse held the infant up while the proud papa took snapshots through the nursery window. Then he went to the mama's room to brag of the child's perfect posing. In the middle of

his eulogies of the baby's beauty the nurse ran into the room, gasping, "Oh, I'm so sorry, but I was holding up the wrong baby. The pictures you took are of Mrs. Charles Glass's little boy." Charles Glass is one of the agents in the Penn Mutual Life's J. E. Rutherford Agency at Des Moines. The little Glass was named Stephen Thomas Glass. Whether the Grogan masterpieces were ever presented to the rightful heir is not known.

Maj. W. Calvin Wells, vice president and general counsel of the Lamar Life, has been elected president of the Jackson (Miss.) chamber of commerce and recently was made general chairman of the first community chest campaign ever conducted in Jackson.

Jennie Sue Daniel, former editor of the "American Agency Bulletin" of the National Association of Insurance Agents, who is now residing with relatives at 262 McGregor avenue, Cincinnati, is establishing for the time being a trade press bureau. She has taken a desk in the Earls-Blain Insurance Agency in the Fourth National Bank building, Cincinnati.

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nati. At present she is covering insurance news for a string of papers but eventually may enlarge her sphere to include other activities.

**George E. Risley**, superintendent of agencies of Connecticut General Life, was one of the "Buckskin Men" at the pilgrimage of Boy Scouts to the grave of Theodore Roosevelt at Oyster Bay. The "Buckskin Men" is a national organization of explorers, sportsmen and men active in the Campfire Club.

Following his usual custom, President **John J. King** of the Hooper-Holmes Bureau of New York City will give his annual dinner at the New York Athletic

Club the week of the Life Presidents Association meeting. He does this in honor of the president of the American Life Convention, who is C. A. Craig, chairman of the board of the National Life & Accident, Nashville. The function will take place Oct. 13 the day before the Life Presidents meeting starts.

**R. A. B. Goodman**, vice-president of the Southwestern Life of Dallas, who has been on the Pacific Coast for several months recuperating from illness, has returned to his desk fully recovered and ready for business. Mr. Goodman had been ill for some time before leaving Dallas for the coast.

Goodmansson states that major emphasis will be put on production of accident and health insurance in that territory.

#### Wennstroem Syracuse Manager

**R. T. Wennstroem**, with the Connecticut Mutual since 1932 and a substantial personal producer, was appointed Syracuse, N. Y., manager by the Union Central. He succeeds J. A. Williams, who resigned to return to the C. B. Knight agency of the Union Central in New York as agency supervisor. Mr. Wennstroem, a native of Jersey City, prior to entering life insurance was assistant to the president of the Franklin Automobile Company.

#### Hughes to Supervise Nebraska

**Hilliard Hughes**, for 20 years representative of the New York Life in Kansas City, has been transferred to Omaha to become agency director of the Nebraska branch. Mr. Hughes will also supervise a part of Iowa.

#### Carstens Made General Agent

**Otto E. Carstens** has been made general agent of the Midland Mutual Life in Bloomfield, N. J. He was formerly a supervisor for the W. S. Vogel agency of the Columbian National Life in Newark, and prior to that was with the Travelers more than 22 years.

#### B. M. Quillin Resigns

**Bernard M. Quillin**, Newark general agent of the United Life & Accident, has resigned but will remain with the agency for a time in personal production. His successor will be named shortly.

#### Hickerson Goes to Minneapolis

**P. G. Hickerson** of the Kansas City agency of the Kansas City Life, was appointed Minneapolis manager.

#### Savage Appointed Supervisor

**F. D. Savage** was named supervisor of the D. G. Colwell agency of Midland Life at Dallas. Mr. Savage has been with the company since 1930.

#### Hatzes Is Washington Manager

**George A. Hatzes**, former general agent of Mutual Trust Life at Manchester, N. H., was appointed manager at Washington, D. C., by Fidelity Mutual Life. He is well known in army and navy circles, and has been in life insurance work virtually ever since the first world war.

**Donald Samp**, Billings, Mont., has been named representative by the Massachusetts Protective and Paul Revere.

#### Zimmerman's 50th Jubilee Seminar Starts Nov. 13

The 50th brokers sales seminar will be started Nov. 13 by the Zimmerman agency of Connecticut Mutual Life in Chicago. Over the past ten years more than 950 brokers have completed the seminar and received certificates. Special certificates will be given enrollees in the "golden jubilee" course. The past nine seminars have been held at the agency quarters twice weekly during the day. Since many brokers indicated a preference for an evening course, C. J. Zimmerman decided the next seminar will be held for two hours starting at 6:30 p. m., on Mondays and Thursdays.

Mr. Zimmerman started the series of seminars at Newark when he was general agent of Connecticut Mutual there. In New York he conducted the course as manager of the brokerage department of the Fraser Agency. The Zimmerman brokerage department, headed by W. H. Siegmund, with C. N. Fuller as supervisor, has had much to do with success of the seminars. Lecturers will include Messrs. Zimmerman, Siegmund and Fuller; E. S. Hewitt, agency manager in charge of full-time organization, and E. G. Walls, Jr., service manager.

## LIFE AGENCY CHANGES

### Eric Johnson Succeeds Brother

**Eric G. Johnson** has been appointed Pittsburgh general agent for Penn Mutual Life succeeding his brother, **Holgar J. Johnson**, who goes to New York as president of the Institute of Life Insurance.

Eric Johnson has been with the Pittsburgh agency since 1928 and has been responsible to a large degree for its success. He is president of the Pittsburgh Association of Life Underwriters and is a past president of the Supervisors Club of Pittsburgh.

In 1926 when **Holgar Johnson** was at the head office of Connecticut Mutual, Eric Johnson joined that company at New Haven, Conn., and was trained by his brother, who had been seeking for several years to bring him into the business. In 1928 Eric joined **Holgar** at Pittsburgh as supervisor.

Prior to entering the business Eric Johnson was in charge of circulation of "Scholastic," a high school publication, and before that was a salesman for a coffee house.

### Guarantee Mutual Names Two

**W. E. Hatcher** of Texarkana, who has been operating as an agent for the Guarantee Mutual Life of Omaha since January, has been appointed general agent for northeastern Texas, succeeding **Wayne H. England**, who recently resigned. Mr. Hatcher is vice-president of the Texarkana Life Underwriters Association, and formerly represented the Guardian Life of New York and the Great Southern Life. He has taken over Mr. England's office in the Texarkana National Bank building.

The Guarantee Mutual has appointed **Claude W. Duncan** of Bowling Green general agent for a number of counties in western Kentucky, where he has been in life insurance for more than 20 years, recently representing the Kentucky Home Mutual Life.

### Bell Is Vermont General Agent

The Columbian National Life has appointed **Bennett D. Bell** general agent for Vermont with headquarters in the Mead building, Rutland.

After his graduation from Dartmouth in 1927, Mr. Bell entered life insurance. For 172 weeks he set up a record of consecutive weekly production and established himself as a substantial personal producer. He is a past president of the Rutland Life Underwriters Association and is now secretary-treasurer of the Vermont association.

### Larsons Retire as Managers

**A. C. Larson** and **R. E. Larson**, Madison, Wis., have resigned as managers of the southern Wisconsin branch office of the Central Life of Iowa. The office at Madison will be continued as a branch office under the management of **C. M. Kremer**, who has been agency superintendent and associated with the Larsons for about 30 years. A. C. Larson has been connected with the Central Life in the Madison area for 39

years. Both he and his son, **Ralph**, will continue in personal production it was announced.

### American Reserve at Fort Dodge

The American Reserve Life of Omaha has appointed **S. J. Potter** general agent at Fort Dodge, Ia. Mr. Potter, a man in his early 40's, was born in Algona, Ia. He has had 15 years' experience in life insurance and has been a consistent producer of a good volume of quality business year in and year out. He was with the Golly agency of the Equitable Society at Champaign, Ill., for about 8½ years, later returning to Iowa as field assistant for the company in the northwest part of the state. He has opened his office at 318 Snell building.

### Bert Jones to Republic National

The Republic National Life of Dallas has appointed **Bert J. Jones** Dallas agency manager. He has been in the business in Dallas and surrounding territory for over 18 years. He was formerly vice-president and agency director of the Great National Life of Dallas and later with the O. Sam Cummings agency of Kansas City Life as Dallas city agency manager. Mr. Jones' offices will be on the third floor of the home office building.

### R. B. Sullivan Is Unit Manager

**R. B. Sullivan** has joined Reliance Life as unit manager in Cleveland. The previous statement to the effect that he had been appointed Cleveland manager was incorrect. The statement originally appeared in a bulletin of the Board of Independent Fire Underwriters of Cuyahoga county. Mr. Sullivan resigned as general agent for Mutual Benefit Health & Accident and United Benefit Life to accept his new position. Charles E. Stumb is manager of northern Ohio operations of Reliance Life.

### Garness Succeeds Putnam

**E. S. Putnam** resigned as agency manager of Bankers Life of Des Moines at Chippewa Falls, Wis., and **W. A. Garness**, agency supervisor at Madison is appointed his successor. Mr. Putnam completed 31 years' continuous service with the Bankers and soon will be 65 years of age. He is one of the "Old Guards" and a leading producer for 18 years. He was named acting agency manager in 1926 and agency manager in 1929.

Mr. Garness joined the Madison agency in 1934 after graduation from University of Wisconsin.

### Goodmansson to San Francisco

**Marshall Goodmansson**, for the past eight years agency supervisor of the Provident Life & Accident at the home office in Chattanooga, has been appointed manager of the San Francisco branch office, succeeding **Aubrey A. Scheid**, who has been general agent for several years. Headquarters of the branch office will be 475 Monadnock building, San Francisco. It will service California territory north of San Luis Obispo. While the company writes accident, health and life insurance, Mr.

## The WALRUS



**J. M. Keplar**, Grand Rapids, Michigan, will shortly celebrate his twentieth year as a Bankerslifeman, his third as Agency Manager for Southern Michigan. In 17 years as a salesman, "Jim" made a record to match the best of them, hence his frequent discourses to men in his Agency carry the weight of successful experience. Example: "The best advice ever given to me in the life insurance business," "Jim" told his men the other day, "came the day I signed my contract and my manager said

"Jim, people really want protection, so make your story short and sweet and tell it to a lot of people."

—BLC—

Bankerslife gets a free publicity ride in current advertising of the Frick Company, Waynesboro, Pennsylvania, manufacturers of air conditioning equipment. Frick ads in Time, Business Week, other publications; picture prominently the new Bankerslife building, describe briefly the type of Frick air conditioning equipment being installed therein.

—BLC—

From the "Lost and Found" column in the Wichita, Kansas, Eagle:

Lost—Black Bankers Life pocket memo-note book, Sunday, in or near Sedgwick County Law Library. Phone 2-9263. J. R. Leigh.

—BLC—

Bankerslifemen in many localities are "breaking into print" in their local newspapers with an interview on war's effect on existing life insurance policies. Suggested interview was printed recently in Bankerslife's Onward for just such use by the Company's alert salesmen.

—BLC—

**BANKERS LIFE**  
DES MOINES  
ESTABLISHED 1877  
**COMPANY**

## NEWS OF THE COMPANIES

### Buford Chairman of Shenandoah Life

In a reorganization of the Shenandoah Life of Roanoke, Va., as recently recommended by the Virginia department, Paul C. Buford, prominent attorney of that city, has been elected chairman of the board and of the executive committee as well as general counsel. Mr. Buford has been counsel for one of the principal banks in his home city. In accepting the new posts he said:

"The responsibility which I shall assume appeals to me as a real opportunity for service to the policyholders and stockholders. The sound financial condition of the company has not been and cannot be questioned. With the assured loyal cooperation of the efficient home office and agency personnel, I am confident of the continued progress of the company."

The resignation of J. P. Saul, Jr., as executive vice-president and general counsel and as a director and a trustee was presented to the board and accepted. It was announced that Dr. J. H. Dunkley will retire as medical director in March, 1940. Former Governor E. Lee Trinkle and other officers will remain. Worley Harr, vice-president in charge of Virginia and Tennessee agencies, was elected a director. R. S. Brown of Martinsville, Va., who has been a director since the company started, was elected to the board of trustees.

The directors made known that salaries of certain officers have been reduced in the reorganization plan.

### Osteopaths Incorporate Company

KANSAS CITY—The American Fidelity Life of Kansas City has filed notice of incorporation. Thirty-five business men of Kansas City and the middle west are listed as incorporators. The company will have a capital stock of \$100,000 (100,000 \$1 shares to be sold at not less than \$2 per share). Temporary directors are to be Samuel Kjermer, A. B. Crites, J. M. Peach, A. O. Runkel, H. J. McAnally, all of Kansas City; H. C. Wallace, Wichita; A. C. Hardy, Kirksville, Mo.; Q. L. Drennan, St. Louis, and P. R. Russell, Ft. Worth. First meeting of stockholders is scheduled for September, 1940, and the first annual meeting for February, 1941.

Other than Mr. Runkel, who has been connected with life insurance business since 1919, the incorporators all are osteopathic physicians.

### W. O. Cummings to Continental

W. O. Cummings has been appointed by the Continental Assurance of Chicago to its home office agency staff as assistant to Charles Cravens, educational director.

He is a son of O. Sam Cummings of Dallas, Tex., past president of the National Association of Life Underwriters. He entered life insurance selling on graduation from the Wharton school of finance at the University of Pennsylvania. He had previously attended Northwestern University. Mr. Cummings recently completed the examination requirements for the C. L. U. designation. He has been with the C. J. Zimmerman agency of the Connecticut Mutual Life in Chicago and before that with the A. S. Edwards agency of Aetna Life there.

### Interstate Postpones Building

Postponement of the construction of its new eight-story home office building in Chattanooga due to the war outbreak, is announced by the Interstate Life & Accident.

President J. W. Johnson said the Interstate had been ready to move into a temporary location in preparation for

beginning the work but that the advance in price of materials, especially steel, created by the war, had brought a decision to postpone the starting of construction until a later date.

### Former Officials Convicted

A federal jury in Jacksonville, Fla., convicted T. W. Benson, former president of the Suwannee Life of that city, and three others, of mail fraud conspiracy. The federal government charged that Mr. Benson, J. P. Atkins, W. H. Gillespie and C. O. Davenport used the mails fraudulently in connection with the sale of \$190,000 worth of stock of the life company when Mr. Benson was president. None of these is now connected with the company. The court sentenced Mr. Benson to serve 15

months in the penitentiary. The others were sentenced to six months in jail.

### Gains Reported by Provident L&A

A gain of eight percent in total premium volume for the first nine months is reported by the Provident Life & Accident. The Provident now has a total annual premium income of over \$8,000,000 for the first time in history and life insurance in force totaling \$128,000,000.

### Resigns Lutheran Mutual Post

J. H. Duis, for the last five years treasurer of the Lutheran Mutual Life and its predecessor, the Lutheran Mutual Aid, Waverly, Iowa, has resigned.

C. H. Mathews has been elected assistant treasurer and William Watson and A. H. McAulay assistant actuaries of Northwestern National Life.

## LIFE SALES MEETINGS

### Aetna's 89th Year in Mich. Observed

DETROIT — Life insurance men should take more interest in politics for the good of their policyholders, C. A. Macauley, state agent John Hancock Mutual Life, told the H. K. Schoch agency of the Aetna Life here at its annual sales congress. Policyholders have the right to look to them for protection in legislative matters affecting their life insurance, he declared. There has been far too much indifference to legislation.

The results of taking an interest in politics are shown by the fact that the organized field men of Michigan succeeded in promoting five measures all favorable to policyholders in the last legislature without expenditure beyond legal fees, Mr. Macauley pointed out. There are still many matters that should be corrected by legislation; for example, Illinois has a law making it legal for trustees of estates to invest funds in single-premium life insurance and annuities, but there is no such law in Michigan. This measure should be law in every state, he declared.

### Underwriting Problems Reviewed

Much delay in issuing policies is caused by the failure of the agent to secure the address of his applicant, George Strassel, home office underwriter, declared. This is necessary in order to secure a quick inspection report, he said. Care in selection from the moral standpoint is very necessary. Heavy drinkers and men who are dishonest in business are poor risks, while individuals working under a great strain often engage in strenuous and hazardous pastimes after hours which make them poor risks. The reputation each agent has for submitting good or bad risks is often taken into consideration in granting or declining borderline cases, he said.

Speaking on "Accident, Sickness and Hospitalization, 1940 Models," A. S. Brennan, assistant general agent, pointed out that accident and sickness can usually be sold on the first or second interview. He urged that agents sell the prospect what he wants rather than what they want to sell him.

### Celebrates 89th Anniversary

Mr. Schoch mentioned that Aetna Life began writing in Michigan in 1850, two months after its founding of the life company. This meeting celebrated the 89th anniversary of service to Michigan policyholders.

Staff Hudson, associate general agent, talked on the sales folder and I. E. Griffith, Jr., secretary group division, discussed group insurance trends. A. H. Hiatt, superintendent of agencies, conducted "Dr. I. Q." feature, in which

two teams of five men each alternated in answering questions fired at them. Mr. Schoch was host at luncheon and dinner.

At the dinner Vice-president S. T. Whatley discussed the company's activities, outlined plans for the 90th anniversary celebration next year, and talked of the regional conferences held in various parts of the country.

The following day Mr. Schoch was host at a luncheon honoring Mr. Whatley, at which a number of general agents and managers, large policyholders and friends were present.

### B. A. Million Is Honored

The southern Indiana general agency of the Northwestern Mutual held its annual meeting in Evansville. L. J. Evans, assistant director of agencies, was the principal speaker. Following the luncheon, the moving picture, "Yours Truly, Ed Graham," was shown. A dinner attended by the agents and their wives celebrated the 25th anniversary of B. A. Million, general agent of the southern Indiana agency, with the company. He was presented a gift of silver by the agency and office forces.

### Three Bankers Life Meetings

G. S. Nollen, president Bankers Life of Iowa, and W. F. Winterble, director of agencies, attended an all day conference of Nebraska agents at Lincoln. W. A. Fraser, agency manager, was host at a luncheon of agency leaders. They also held a conference at Sioux City, Ia., with Manager F. H. Petersen as host. A meeting was held at Salt Lake City by Vice-president W. W. Jaeger and M. E. Lewis, superintendent of agencies. W. A. Crowder, manager, was in charge.

### American Home Life Roundup

The annual two-day roundup of the American Home Life was held in Topeka, Kan., with Frank J. Seitz, director of sales, in charge. L. C. Cutler, Massachusetts Mutual general agent, spoke on "Indispensable Ingredients for Successful Life Underwriting" and R. W. Carney, sales manager Coleman Lamp Co., on "This Job of Selling." Commissioner Hobbs of Kansas and W. M. Hobbs, president of the company, also took part. A "stag" party was given at the Shawnee Country Club.

### National Reserve Conference

General agents of the National Reserve Life from Kansas, Oklahoma, Missouri and Nebraska held a one-day conference at the home office in Topeka, with T. A. Lonam, vice-president and agency director, in charge. Speakers included President Holmes Meade, Dr. H. B. Talbot, medical director; Ira W. Baker, manager loan department; I. G. Hayter, secretary-treasurer; M. W. Drehmer, secretary Topeka chamber of

commerce, and W. A. Biby of the Kansas Cooperative League on "The Paramount Issue."

Vice-president A. E. Patterson attended the agency meeting of the Penn Mutual in Wichita last week. W. H. Nicholls, Jr., Wichita general agent, presided. It was Mr. Patterson's first visit to Wichita.

## CHICAGO

### GETS 71 "APPS" IN WEEK

M. J. Law of the Law Brothers Chicago agency of the Ohio State Life wrote 71 life "apps" in one week in connection with the campaign in honor of President Claris Adams.

### RAMSAY AGENCY'S RAPID GROWTH

From scratch to fourth place in the agency ranking of his company in three years is the record made by J. F. Ramsay, general agent Home Life, Chicago. Mr. Ramsay, then still in his 20s, went to Chicago as general agent in the fall of 1936, after serving as home office field assistant. A year later his agency was 29th out of 50 agencies. The next year it rose 20 to 9th, and Oct. 1 of this year was in 4th place, with another high in business produced.

For the fiscal year the agency produced paid for business of \$1,758,000 excluding annuities. For the third quarter of 1939 it won the company's quality production plaque, given to the agency having the largest number of agents producing \$150,000 per year of paid for business and over. Incidentally, it shows a 60 percent increase in paid for business for the first nine months of 1939, as compared with 1938.

Mr. Ramsay has built his agency along the lines charted by his company. All selling is done on the "Planned Estate" basis. The average policy in the Ramsay agency is \$8,000, some \$2,300 higher than the company average of \$5,700.

Selection of producers is based primarily on the Home Life's rating plan. Only those in the A and B groups are given consideration. Under no circumstances will Mr. Ramsay accept as an agent one who is unable to furnish a list of at least 100 representative contacts.

### ECKSTONE ON THE MOVE

Sidney Eckstone, Chicago general agent of the Manhattan Life, again scored for October, being first in written business personally and his agency was second in paid for.

### Blackall Refers to Counsellors in Radio Talk

Commissioner Blackall of Connecticut, in a radio talk, advised assured to read their policies and inquire of their agents or of the department concerning any features about which they have doubt. He spoke of the counsellors in a guarded way, saying that usually they make a charge of a basic down payment plus a further payment "consistent with the size of the policy, or with other features of the transaction."

"We have no objection to, or do we hold any brief for the activities of life insurance counsellors," Mr. Blackall went on to say. "If a man wishes to discuss his life insurance policy with his agent, or his lawyer or his financial adviser or with a counsellor we assume that is his business, not ours. On the other hand we do not feel that any possible attitude of the counsellors toward the insurance companies, or any attitude of the insurance company toward the counsellors should be an element in our giving advice to assured whether they are represented by counsellors or not. We are interested in the facts and how they should be best resolved for the benefit of the policyholder and we shall continue to use that method of approach."



## NEWS OF LIFE ASSOCIATIONS

### Davies Tells Why He Bought Million

CINCINNATI—C. T. Davies, Wyomissing, Pa., \$1,000,000 life insurance policyholder, spoke before the largest number ever to attend a regular meeting of the association. Mr. Davies said that he bought life insurance at every opportunity and whenever he made an important financial step. Every dollar's worth, he said, was unsolicited by an agent and was entirely paid up. When he bought a home, Mr. Davies stated that he could not understand why insistence was placed on fire insurance and nothing was said about life insurance, although a fire might never occur and death was certain.

In 1932, he said, he was elected vice-president of a bank by men who thought he was crazy to sell his securities to buy life insurance in 1929.

Life insurance, he said, is better than any government security, with due respect to the soundness of the United States government. A \$10,000 cash surrender is better than any government bond, he declared. It is mighty comfortable to know how much money you have when you want it, he said.

L. B. Dierkes, New York Life; S. P. Ellis, Provident Mutual, and J. W. Mackelfresh, Penn Mutual, all of whom have over 50 years' service, were presented honorary memberships in the association. The other honorary members, W. A. R. Bruehl, Sr., Home Life; H. W. Hutchins, National Life of Vermont, and John L. Shuff, Union Central, took bows.

Mr. Davies was introduced by A. R. Jaqua, "Diamond Life Bulletins." J. C. Sebastian, Union Central, president, was presiding officer.

### Life Insurance Leaders Group Launched in Michigan

DETROIT—Life general agents and managers of Michigan have been requested to report the names of their agents who have written \$250,000 or more since the first of the year to J. E. Crampton, Connecticut Mutual, chairman of the Life Insurance Leaders of Michigan, so that their names may be added to the rolls of this honorary organization, an offshoot of the Michigan State Association of Life Underwriters, which was organized largely through the efforts of G. E. Lackey, Detroit general agent Massachusetts Mutual and past National association president, who acted as temporary chairman pending the recent election.

The organization has no dues nor obligations beyond the production qualification of paying for \$250,000 during the year to qualify for membership the following year. Mr. Crampton believes that membership next year can be pushed far beyond the 60 who are on the rolls at present. Agents will have until Dec. 31 to write the necessary \$250,000. Mr. Crampton also asked the general agents and managers to report to him the names of men who are approaching the qualification mark, so he can write them, urging them to qualify.

### Pennsylvania State Rally

The annual sales conference of the Pennsylvania Association of Life Underwriters will be held at Scranton, Nov. 4. The speakers will be V. L. Bushnell, second vice-president Equitable Society; C. J. Zimmerman, Chicago general agent Connecticut Mutual Life and president National Association of Life Underwriters, and Paul Speicher of the Insurance R. & R. Service.

Des Moines—A. L. Dern, vice-president and director of agencies of the Lincoln National Life will speak Nov. 3 on "S. O. S." G. V. Fort, Equitable Life of Iowa, is program chairman.

### Agent Is Essential, Says Zimmerman

PITTSBURGH—More than 500 attended the annual sales congress of the Pittsburgh Life Underwriters Association.

Speaking at the morning session, C. J. Zimmerman, Chicago, president of the National Association of Life Underwriters, commented on the investigation by the Temporary National Economy Committee. He declared agents and creative salesmanship are essential in securing widespread distribution of life insurance.

Ralph G. Englesman, general agent Penn Mutual in New York City, stressed simplicity of presentation. Successful men in life insurance, like successful men in other fields, know where they want to go have a simple plan of operation and have the courage to stay on the track.

### Urges Simple Presentation

"Let me emphasize again that the sales procedure, as well as the prospecting plan, in the case of every successful man, is a simple, understandable one. It is absolutely necessary to actually write out your presentation, correct it, condense it and refine it, so that you are yourself convinced of its clearness and effectiveness," Mr. Englesman said.

Clariss Adams, president Ohio State Life, concluded the morning session.

Stanley E. Martin, general agent State Mutual in Columbus, said the agent shouldn't argue with his prospect. Life insurance should not be discussed until the prospect's problems of life are determined.

Eric G. Johnson, associate general agent Penn Mutual in Pittsburgh, and president of the Pittsburgh association, presided in the morning and G. Harold Moore, general agent State Mutual, in the afternoon.

William M. Duff, president Edward A. Woods Company and vice chairman American College of Life Underwriters, conferred C. L. U. designations.

### Southeast Kansas Rally Big Event

At the two-day annual meeting of the Southeast Kansas Life Underwriters Association in Independence, 157 were registered, many from southwest Missouri and northeast Oklahoma. Organized last year to reach life men who find it impossible to attend the annual sales congress meetings of the Kansas association, the meetings have the full sanction of the state association. The executive committee was in attendance and held a meeting the afternoon of the first day with President Leo R. Porter of Wichita presiding. Mr. Porter also appeared on the main program.

Featured speakers were C. J. Zimmerman, Chicago, president National association; Miss Helen Summy, Equitable Society, St. Joseph, Mo., treasurer of the Missouri association, immediate past president of the St. Joseph association, and chairman of the Women's Quarter Million Dollar Round Table, and Hal Crouch, Tulsa attorney, author of the well known "High Cost of Dying" and honorary member of the Tulsa association. Jess W. Moore, Springfield, president of the Missouri association also was presented.

The executive committee composed of John S. Kerns, Pittsburg; C. O. Braden, Independence; F. W. Sutton, Coffeyville; W. T. Newkirk, Dean Wilson and Amy E. Hall of Independence, will meet soon to select new officers and name the 1940 convention city.

General agents and managers held a dinner meeting the first evening, feature speakers being Arthur Hemphill,

St. Joseph, on "Responsibility of General Agent or Manager to His Men;" Floyd Shurtleff, Des Moines, agency director Bankers Life, on "The New Man" and Wayne Clover, Kansas City general agent Penn Mutual, on "The Old Man."

Plans for the year were outlined by the state executive committee and committee appointments will soon be announced. In attendance were Vice-presidents Walter Leonard of Manhattan, Eugene Conklin of Hutchinson, Roy Dennison of Salina and O. Lynn Smith of Wichita.

J. O. Kearnes, president of the Independence association, host to the convention, presided at the general sessions. Mayor Mitchell and Vernon Palmer, president of the chamber of commerce, welcomed the convention.

### Caravan Visits Riverside, Cal.

The southern California caravan of the California Life Underwriters Association, under the sponsorship of the Los Angeles association, with W. E. Stoessel, general agent National Life of Vermont, as chairman, visited the Orange Belt association at Riverside, Cal.

G. H. Page of the California-Western States Life, president Life Managers Association, and Henry Belden, Union Central Life, Los Angeles, for the C. L. U. chapter, conveyed greetings of those organizations. Dan Flynn, leading producer of the F. M. McMillan agency of the Penn Mutual Life in Los Angeles, spoke on "Prospecting for My Major Market." The picture, "Yours Truly, Ed Graham," was shown.

Mr. McMillan, as program chairman, conducted a round table discussion with H. G. Mosler, chairman Million Dollar Round Table; C. E. Cleeton, C. L. U., Occidental Life, and J. L. Mage, Northwestern Mutual Life, as participants.

John Jones, Union Central Life, Riverside, is president of the Orange Belt association.

### Launch Los Angeles Council

LOS ANGELES—The council, subordinate organization in the Life Underwriters Association of Los Angeles, has completed its organization by the election of these officers: Chairman, S. Y. Newcomb, broker, Newcomb, Keeling & Lovett; vice-chairman, Harold Morgan, New England Mutual Life; secretary, Deborah Lewin, Equitable Society.

The new organization starts off with a membership of 52, one from each of the general agencies which are cooperating with the association in this new activity. It will function as an aid to the directors in handling association affairs and particularly will give members a closer insight into the conduct of the association. The members of the council were elected by secret ballot of the association members in each agency represented.

### Wichita Educational Course

The Wichita Association of Life Underwriters is launching a 13-week educational course starting Nov. 10, with classes held at the University of Wichita. L. B. Rymph, Aetna Life, will be in charge.

Speakers will include Percy Gibson, Mutual Life of New York; Harry Stanley, Equitable of Iowa; James Shaw, M. D.; S. C. Brennan, Social Security Board; Lee Wandering, Equitable Society; Wm. Nicholls, Penn Mutual; Clay Mammel, Farmers & Bankers; Bert Hedges, Business Men's Assurance; Lee Leavell, John Hancock; Kenneth Fitch, New York Life; L. B. Brown, Travelers; Wilbur Loveland, Equitable of Iowa; Leo Porter, Lincoln National.

### Issue Oklahoma Program

The Oklahoma Life Underwriters Association has issued its program for the current season, which also includes a roster of members and list of officers and committees.

John A. Witherspoon, John Hancock, Nashville, National association trustee,

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CONSULTING ACTUARY

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Fred E. Swartz, C. P. A.  
E. P. Higgins

THE BOURSE

PHILADELPHIA



will speak Nov. 17 on "Practical Motivation."

In January, there will be reciprocal sessions with the Tulsa association. Four speakers from Oklahoma City will appear in Tulsa Jan. 5, talking on "Sales Ideas That Click," and a similar program will be presented in Oklahoma City Jan. 19 by Tulsa speakers.

The annual sales congress is to be held Feb. 2. On March 2 H. T. Wright, vice-president National association, and "Kit" Carson will speak. John W. Yates, Los Angeles, national trustee, will speak in April on "The Harvest." The annual picnic and golf tournament will be held in May and the annual meeting in June, with C. J. Zimmerman, president National association, as the speaker.

### Metropolitan Agents Join

Metropolitan Life agents have joined two life underwriters associations in large numbers. The Baltimore association approved membership of 254 Metropolitan new members at its last meeting and the Washington, D. C., association accepted 100.

**South Bend, Ind.**—Walter Hiller, Penn Mutual, Chicago, conducted an "Information Please" hour that made a big hit.

**Buffalo**—D. L. Roberts, Mutual Benefit, discussed "Developing a Major Sales Talk;" L. C. Slesnick, Prudential, "Selling the Cleanup Fund," and C. C. Bauer, John Hancock, "Selling the Adjustment Income." Twenty-eight new members have been received.

**New Mexico**—Twenty new members have been added in a drive. The following officers were recently named: James D. Stanley, president; Joe Kirkpatrick, secretary-treasurer, and Arthur H. Sisk, chairman executive committee.

**Louisville**—A demonstration of the steps involved in "The Probate of an Estate" was the feature of a luncheon meeting. Participants in the demonstration, which was arranged by W. S. Smith, Massachusetts Mutual general agent, program chairman, were F. C. Adams, assistant vice-president of the Fidelity & Columbia Trust Co.; T. J. Wood, attorney, and W. W. Russell, probate court clerk.

**Atlanta**—Bert C. Nelson of Milwaukee, Northwestern Mutual, spoke on "Doing What It Takes to Write Life Insurance." He was introduced by Luther Allen, Atlanta general agent of the company. The group was very much impressed with his enthusiasm and his method of getting interviews by showing the program book of his own personal life insurance estate.

Marshall Hughes spoke of plans for the national essay contest. H. I. Davis, life member of the Million Dollar Round Table, who attended the national convention in St. Louis, gave some of the high spots of the conference. He said that what impressed him most was that those big producers are not life insurance specialists but write policies to cover all needs.

**Minneapolis**—Commissioner Yetka said he hoped that federal investigations into insurance companies would not bring about federal supervision of this business. State control has proved efficient, he said, and is better able to do the job than a federal bureau.

**Burlington, Ia.**—C. V. Shepherd, general agent National Life of Vermont, Cedar Rapids, Ia., spoke on "Achievements in Life Underwriting."

**Lancaster, Pa.**—P. B. Rice of Harrisburg, president Pennsylvania state association, spoke.

**Salt Lake City**—Because of a recent illness, on the advice of his physician, W. A. Carter, associate general agent Penn Mutual Life, has resigned as national committeeman. F. E. Walker, United Benefit Life, was named as his successor.

**Wichita, Kan.**—Howard Fleeson, Wichita attorney, spoke on "European Situation of Today." He recently returned from Europe. H. W. Stanley, Equitable of Iowa general agent, gave three vocal solos. A motion picture furnished by the Wichita Community Chest showing the work of member agencies was shown.

**Washington State**—An educational conference for association officers was held in Seattle under the leadership of A. M. Weyes, Yakima, and Austin Thayer.

**Knoxville, Tenn.**—At an Annual Message breakfast Henry W. White, presi-

dent Tennessee association, and Cameron Brackney, president Knoxville association, spoke. A young lady speaker pretended to be a widow whose husband had died without adequate insurance, placing part of the blame on the agent for not offering her husband an adequate insurance schedule to care for the family and to educate his children.

**Dubuque, Ia.**—N. C. Hurd led a discussion on the revised social security law, asserting it would encourage increased demands for retirement income and annuity contracts. Reports on the St. Louis convention were made by Leo Staffen and W. R. Deatherage.

O. A. Anderson, Cedar Rapids general agent, complimented the state and National associations for placing the "Institution of life insurance on the high plane which it has attained."

**Kansas City**—The association has taken over the insurance program on KCMO, half hour every Wednesday evening. The program still is sustaining but the association is handling the program and H. E. Kincaid, Mutual Benefit Life, president, has appointed H. C. Booker of the Equitable Society, as chairman in charge. Effort will be made to locate lost policyholders. Questions asked by listeners will be announced in a round table presentation.

**Pittsburgh**—D. Gordon Hunter, vice-president Phoenix Mutual, will speak on

"What Is Ahead," Nov. 9. Eric G. Johnson, associate general agent Penn Mutual, and president association, will speak at the meeting of the Washington, Pa., branch, Nov. 8.

**San Francisco**—One member of the women's committee will be responsible for a monthly program for women, according to Mrs. Jeanette Van Slyke, Pacific Mutual, chairman woman's committee. Mrs. Genevieve MacIver, Equitable Society, was in charge of the first program held this week. Other chairmen and the months in which they will head up the program are: Florence Calderwood, Massachusetts Mutual, December; Edith Lewis, New York Life, January; B. M. Ashton, Connecticut General, February; Trissie Miller, Aetna, March; Constance Schwanz, Mutual Life, April; Eva Pearsall, Aetna, May; Katherine Hayes Pickett, Provident Mutual, June.

**Los Angeles**—The forum took up "Getting the Interview on the Proper Basis." Hal Van Cleve was panel chairman and discussants were R. L. Woods, Barry Stevens and John Thomas, all of the Massachusetts Mutual Life.

**Lansing, Mich.**—James H. Brennan, Fidelity Mutual Life manager, Chicago, spoke.

**Southwest Iowa**—At a meeting in Red Oak, M. R. Thomas reported on the recent National association convention in St. Louis.

## INDUSTRIAL FIELD NEWS

### Persistency Award Barred by Law Agents Put Through

**BOSTON**—A Massachusetts law, which industrial life agents put through three years ago to protect them from being charged with lapses, reacted on them when a supreme court decision based on this law deprived the industrial men of additional compensation allowed for good conservation records.

John J. Cronin, agent of the Metropolitan Life, brought suit against the company to collect a conservation commission for two quarterly periods in 1938. The Metropolitan pays additional compensation of \$6 a week or less, if a lapse ratio is 20 percent less for the previous quarter than the rate for the whole company. However, the company rule provides that it will not be paid

where such practice is in conflict with any state law.

The Massachusetts law, put through by the agents, provided that companies must not include in their contracts with agents in this state any plan by which agents' compensation could be reduced because of lapse or surrender of a policy. The supreme court finds that the plan for additional compensation for persistency included as one factor surrendered and lapsed policies and that such inclusion might result in reducing the agent's commission or salary below what he would be entitled to receive if there had been no surrenders or lapses, and to that extent conflicts with the statute.

The court rejected the plea that such additional compensation was a bonus or prize.

### Westbrooks Is Honored on 35th

Tribute was paid J. W. Westbrooks, Metropolitan Life manager, Muskogee, Okla., for 35 years of continuous service. A dinner in his honor was attended by

## INTRODUCED HIS OLD BOSSES



A highlight of the Washington National's eastern regional meeting, held in Newark, N. J., was the introduction by Chairman H. R. Kendall of his two former "bosses," Thomas Mason and F. W. S. Brookes, who started him in the insurance business 46 years ago.

F. W. S. Brookes, who was then assistant superintendent of the Prudential, introduced Mr. Kendall as an industrial agent on a debit in New Albany, Ind., in 1893. Thomas Mason was, at that time, superintendent of the district. Both Mr. Brookes and Mr. Mason are now retired.

The successful career of Chairman

Kendall has been an inspiration to the industrial field organization of the Washington National. Mr. Kendall started from scratch as industrial agent in a small community. Today he heads an institution which employs more than 2,500 men and women, which serves more than 1,000,000 policyholders and which does business in 46 states and the District of Columbia.

The eastern regional meeting was in charge of J. B. Blandford, assistant vice-president, assisted by William Barnes, manager at Newark.

In the picture left to right are Mr. Mason, Mr. Kendall and Mr. Brookes.

200. Glenn J. Spahn, superintendent of agencies, headed the home office delegation, including John H. Van Horn, John F. Senior, agency supervisor, and A. C. Sawhill, general assistant manager. About 15 managers from Arkansas, Kansas, Nebraska, Missouri and Oklahoma were present. Mr. Spahn presented Mr. Westbrooks with a diamond studded anniversary badge and W. J. Slack, Kansas City manager, presented him with a gift on behalf of the managers association.

### O. J. Arnold's Tribute to Industrial Companies

O. J. Arnold, president Northwestern National Life, in his address before the Life Agency Officers Association, paid a tribute to the industrial companies. He said they had a difficult task in conserving business because of the market they serve but they have had the foresight and good judgment to make conservation the first job of the agent and have linked their salesmen's basic earnings directly to that task with sound results, both for the salesman and the industrial policyholder. That is a practical phase of industrial insurance, he said, which critical theorists too frequently overlook. Ordinary insurance, with its millions of policyholders already on the books, could well emulate this example in directing more of the agents' compensation to protection of insurance already in force, in his opinion.

### Metropolitan Buffalo Meeting

**BUFFALO**—More than 500 Metropolitan Life salesmen from Buffalo, Rochester, Jamestown, Niagara Falls and other parts of western New York attended a series of business conferences here in charge of L. J. Zettler, superintendent of agencies, and Clarence Bethel, assistant superintendent of agencies, from the home office. J. M. Young of New York, supervisor field training division assisted in conducting the meetings.

### Reject C.I.O. as Bargaining Agency

At a consent election to determine whether agents of Home Life of America in the Philadelphia district should designate the C. I. O. industrial agents union as the sole bargaining instrumentality, the vote was a tie, with 108 participating in the election. That means that the proposal was rejected and the issue is settled for the time being.

### NEWS BRIEFS

John P. Zimmer, superintendent Prudential's No. 2 district at Milwaukee, completed 40 years of service and John Kaczmarowski, superintendent of No. 4 district at Milwaukee, completed a quarter of a century of service. Mr. Zimmer started in Racine, Wis., in 1899 and the following year was made assistant superintendent, later serving in Kenosha, Wis., and in Davenport, Ia. He became superintendent in 1907, first in Oshkosh, Wis., and in 1908 at Milwaukee. Mr. Kaczmarowski has been in Milwaukee the entire 25 years with Prudential, three years as an agent, assistant superintendent from 1917 to 1926, and since then as superintendent.

John C. MacLeod, who is retiring as Kalamazoo, Mich., manager for the John Hancock Mutual Life, was honored at a dinner party. Frank Heppenthal, Grand Rapids manager, was a guest.

Erwin Hoffman, Columbus, O., manager of the Metropolitan Life, was honored at a testimonial dinner on his 35th anniversary. He has been manager of the Columbus office for 11 years. Harry Miller, executive secretary to Governor Bricker, spoke to the 200 present. Managers came from 15 Ohio cities. Walter J. Shepherd, superintendent of agencies from the home office, was master of ceremonies. V. C. Smith, president Columbus Association of Life Underwriters, also spoke.



## Fighting Spirit Is Manifested by Agency Officers

(CONTINUED FROM PAGE 1)

Simpson of Sun Life of Canada, who died about two months ago. He said tentatively a conference is projected to be held in New York in December for companies with from \$125,000,000-\$400,000,000 insurance in force. In announcing appointment of the important new committee on agents compensation, Mr. Whatley said the members would hold their first conference Tuesday evening.

Mr. Whatley announced appointment of a committee to bring in a slate of seven directors of the Research Bureau. G. L. Hunt, New England Mutual, was chairman, the other members being Gordon Cumming, Monarch Life; G. H. Chace, Prudential; H. K. Lindsley, Farmers & Bankers, and A. E. Patterson, Penn Mutual.

### Milton Jones Is Heard

Milton Jones, assistant supervisor in the agency division of Travelers, an important factor in the Travelers home office schools, delivered a talk, "Life Insurance at Work." He was suffering with laryngitis and spoke with difficulty, but his sincerity of manner caused the audience to overlook the impediment. He sketched an emotional conception of life insurance.

The first \$100,000,000,000 of insurance was sold for protection of "Mary and the baby," he declared, and that is still the compelling motive. Agents, he said, may have gained too thorough a knowledge of the technical phases of insurance. They might profitably forget some of the knowledge and he possessed more powerfully a sense of life insurance at work so as to be able to give prospects a different conception of life insurance from what they previously had. Agents should become endowed with an implicit faith in life insurance, should have fervor and enthusiasm; shouldn't be afraid to become excited.

### Not Sentimental, But Sensible

He warned against the theory that emotionalism and motivating stories constitute "sloppy sentimentalism." That is not sentimental, it is sensible, he declared. Men should go out to tell the public the glories of life insurance. He said the agent should be possessed of a thorough knowledge of life insurance and a thorough knowledge of life.

Insurance appraisers, insurance analysts, counsellors, etc., he declared, are trouble makers. Life must be put into the product. Word pictures must be created with the prospect in the center.

The agent, who has lost his grip, he said, should visit the welfare station and observe the distress of widows who were left without sustenance. He should at that time take an obligation that insofar as possible he will prevent such situations from arising in the lives of persons within his reach.

Mr. Jones throughout punctuated his talk with stories of the beneficent workings of life insurance and stories of misery that could have been avoided had there been life insurance.

Life insurance is based upon a certainty that there will be widows, that people will grow old. Insurance work becomes an opportunity, a challenge to preach the gospel of future income.

### Harry Wright Gives Talk

Harry T. Wright, Equitable Society, Chicago, the new vice-president of the National Association of Life Underwriters, spoke on "The Salesman at Work." Mr. Wright for more than 16 consecutive years has been a million dollar producer.

Mr. Wright said he is grateful to life insurance, as he has been happy in the work and is able to be of great service to clients. He recalled that he started in the cashier's department of Equitable at \$70 a month. He became dissatisfied, tried selling and in two weeks earned more than he had in the previous five months as a clerk. As his income has increased, Mr. Wright said his standard

of living and his contacts have increased.

During the past 17 years he said he has put 25 percent of his income into insurance and annuities. He owns 67 policies, 13 of which are paid up. On the policies he has sold, 82 death claims have been paid amounting to \$1,182,000.

### Tells of Death Claims

Mr. Wright sketched the circumstances surrounding death claims paid on policies that he had sold. He injected some humorous thrusts. For instance, he told of an interview with a widow in which he told her of the benefits she would receive. She expressed gratitude, saying that if it were not for the insurance she would have to get a job in a restaurant. "Believe me," Mr. Wright declared, "she would, too, because she was not supreme court material."

He told of another widow who received generous benefits and who has since become remarried to a "man who I am sure is a great booster for the life insurance agent."

Mr. Wright mentioned the critics who are so aggressive these days. The companies and agents, he said, should see that the policyholder is correctly informed. The agents are equipped to carry the torch in their estimated 600,000 personal contacts each day. The agent can no more be eliminated in life insurance, according to Mr. Wright, than the salesman can be dispensed with in any line.

### Charles Davies Tells Story

The final speaker at the morning session was Charles T. Davies of Wyomissing, Pa., the dream man of the life insurance business, who owns \$1,000,000 of paid up insurance and is crusading for others to do likewise. Mr. Davies has been telling his story to many appreciative audiences, and the Chicago audience this week was especially attentive and appreciative. Mr. Davies speaks in somewhat whimsical style. He reaches peaks of sentiment and then drops off with an observation of humorous nature.

There were over 100 present at the dinner Wednesday evening given by the Sales Research Bureau for the representatives of the companies with \$125,000,000 or less of insurance in force. The dinner was held for the purpose of bringing together the companies of this size to report on the week's seminar which was held last May by the representatives of 39 companies, and to arrange for another such meeting next spring.

R. E. Irish, president Union Mutual Life of Maine, was toastmaster. The speakers were J. M. Holcombe, Jr., manager Sales Research Bureau; W. M. Rothaermel, vice-president Continental American Life, and Howard J. Burrige, THE NATIONAL UNDERWRITER.

### Hunt Reports for Nominators

At the Tuesday afternoon session Mr. Hunt reported for the nominating committee the names of six to be directors of the Research Bureau, they being J. G. Parker, general manager Imperial Life; H. H. Armstrong, vice-president Travelers; Claris Adams, president Ohio State Life; Ford Albritton, director of sales Great Southern Life; J. W. Cadigan, vice-president New World Life; Ralph C. Price, vice-president Jefferson Standard Life.

## CONSUMER SURVEY

Fred Bremier of the Curtis Publishing Company gave a talk based on the labor department survey of consumer purchases. It is the most exhaustive study of family incomes and expenditures ever attempted, he said. This was a W.P.A. project conducted in 1936. Those in the audience were furnished with copies of the report and so were

able to follow the multiplicity of complex tables that were included.

Based on families paying premiums, the survey indicates that city families devote about 7 percent of annual income to the payment of life insurance and annuity premiums.

Life insurance statisticians, he said, estimate that annual premiums paid represent, on the average, 6 percent of the policyholders' annual income. This is presumably based on the total market including small cities and rural areas. The consumer purchase survey will undoubtedly closely confirm this estimate, for the average of the larger size cities appears to be only slightly more than 7 percent.

Both the upper and lower halves expend relatively the same percent of income in payment of premiums.

### Situation in New York

In New York 55 percent of total families paying premiums are in the upper half of the families and 45 percent in the lower half. By quarters, 27.9 percent are in the highest or first quarter, 27.1 percent in the second, 23.8 percent in the third and 21.2 percent in the lowest.

The distribution pattern is very similar for each of the four market divisions indicated. It pictures a high degree of uniformity in the sales accomplishments of the life insurance industry.

Each quarter also expends approximately the same percent of its income for life insurance. The average amount of life insurance owned by each quarter is just about double the average annual income for each quarter.

### Chicago Market Analyzed

In Chicago 87.2 percent of total families are indicated to have paid premiums during the survey year. It is somewhat higher than the other three market units both by halves and by quarters of families. This situation obviously indicates an especially favorable market for life insurance, an exceptionally good selling job, or both.

The salesmanship that put life insurance into approximately 80 percent of total families in these larger survey cities is a remarkable achievement. This average figure of about 80 percent for life insurance coverage is a great thing by itself but it has even greater significance when viewed by quarters. Taking the average of the six large cities, for example, in the first quarter, those with highest incomes, 93.2 percent have life insurance. In the second quarter, 88.5 percent, in the third 79.4 percent, and in the fourth quarter, made up of the families with lowest income, 64.1 percent have life insurance.

"It means," he said, "that about four out of every five of these larger city families own life insurance. It means that four out of every five city families have a stake and investment interest in the great institution you represent. When the data for small cities and rural areas is known, we may find a lesser degree of coverage than in these larger cities. On the whole, however, it seems safe to predict that somewhere between two-thirds and three-fourths of total families will be found to own life insurance or annuities."

### Upper Half Most Profitable

Of the total amount in dollars devoted, during the year, to the payment of life insurance and annuity premiums, the upper half of insurance owning families in New York accounted for 81 percent, in Chicago 77.6 percent, in the six large cities 81.9 percent, and in the 14 middle size cities 77.7 percent. In the six large cities, the first quarter or group of highest income, accounted for 58.7 percent, the second quarter 23.2 percent, the third quarter 12.5 percent, and the fourth quarter, or lowest income group 5.8 percent.

It is readily apparent that the upper

half represents the most profitable market for life insurance. This upper half of families with highest income contributes about 81 percent of total premiums paid annually and owns about the same percentage of total insurance in force.

### Families That Have Surplus

The survey shows the percent of total families in each group having a surplus for the year. New York is low, showing only 47.4 percent of total families with surplus. Chicago and the other two groups are fairly close, all showing more than 50 percent with a surplus.

The upper half, comprising the half of total families with highest incomes, is represented as the greatest sales opportunity. Not only is the upper half percent of families with surplus twice the percent of families with surplus in the lower half, but the amount of surplus of upper half families is also many times greater.

The six large city average is taken as an example of consumer expenditure. In the upper half, life insurance, with an average annual expenditure of \$155, ranks fifth in number of dollars collected from the family income. It is exceeded by the amount expended for food which ranks first. In second place is housing, third clothing, and fourth is the expenditure incurred by automobile ownership.

### Insurance in Sixth Place

In the lower half, life insurance is in sixth place. In addition to food, housing, clothing, and the automobile, it is exceeded by the amount expended for medical care.

In both the first and second quarters life insurance is in fifth place. In both third and fourth quarters, however, it is in sixth place, being exceeded here by medical care.

The automobile has obviously won a position of greater importance in the mind of the consumer than has life insurance.

## HEROIC SPEAKER

Dr. Claude L. Benner, vice-president Continental American Life, was the second physically handicapped speaker of the day. He announced that he had just been through a siege of grippe and shortly after he had started in his speech, he stopped apologetically, saying he doubted that he could continue. However after a few moments he was able to resume while seated.

Dr. Benner gave his sizeup of the current economic situation. He said the war may have a favorable effect on business, which will improve life insurance opportunities; the war may stimulate the price level which will create the need for additional insurance, and the war may affect the public attitude toward the relation of government to business.

### Autumn Increase

There has been a phenomenal increase in business this fall. The federal reserve index in August was 102; in September it was 110, and it is estimated to have been 118. He predicted that it will exceed 130 by the end of the year. The war was responsible to an extent but the improvement would have come anyway, he said, because industry has been under-inventoried since the decline of 1938. The war caused everyone to buy a little bit ahead.

### South American Trade

Dr. Benner predicted that there will not be the huge volume of war orders that there was in the last war. In 1914 the belligerents were not prepared. This time the nations are prepared; they have huge stores. The English and French dominions are better able to supply the needs of those countries. In 1914-17 one half of all purchases of the allies in the United States was on borrowed money or on loans floated here. The pound and the franc were pegged



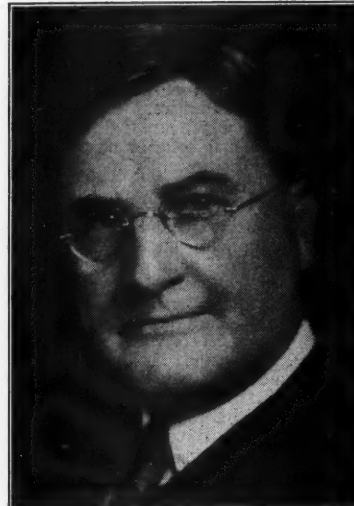
## Headliners on Research Bureau-Agency Officers Program



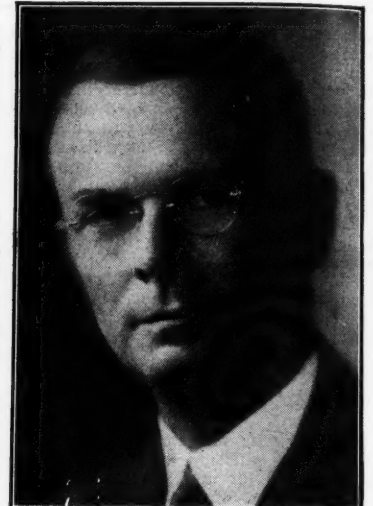
**H. W. MANNING**  
General Manager Great-West



**H. J. CUMMINGS**  
Vice-president Minnesota Mutual



**J. C. BEHAN**  
Vice-president Massachusetts Mutual



**M. A. LINTON**  
President Provident Mutual

by the house of Morgan. Today the Johnson act forbids the making of loans. The possibility of trade with South America has been exaggerated, he declared.

If the United States keeps out of the war, Dr. Benner predicted that there will not be a marked increase in price levels here.

The war, he said, may cause the public to change its attitude towards government and business. The trend for six years, he declared, has been away from faith in private enterprise and freedom towards the idea that security, happiness and prosperity are produced by an increase in functions of government. Unless that trend is deflected, according to Dr. Benner, the outlook for private insurance is not bright. When the public understands how life is organized in totalitarian states, as a result of the war, there is likely to be a revulsion to the notion that this country safely can pursue just to a limited extent some of the totalitarian principles.

### Rises to Feet For Emphasis

At this point in order to emphasize what he had to say Dr. Benner rose to his feet again.

Social Security, the TNEC inquiry, etc., he said are symptoms of the undermining of the faith in private enterprise as a way to attain security, happiness and prosperity; undermining the faith in the integrity of business. Unless changed, he declared, the trend will carry to the extent that life insurance will be sold at post office windows. The business must get out and defend the agency system, he asserted. Hitler, he said, gave the Germans security, but too much can be paid for security. There must be instilled in the populace a feeling that what they get they must get for themselves. The man who wants the dead level of security is the man who is "whipped," he said.

Dr. Benner was given a prolonged ovation not only because of the stimulation of his message but because of his example of fortitude in giving the speech against physical odds.

### H. W. Manning Is Heard

The final speaker of the day was Harry W. Manning, general manager of Great-West Life. He gave a thoughtful talk on some fundamental subjects.

Holgar J. Johnson was presented, as the new president of the Institute of Life Insurance, and spoke briefly of the objectives of the organization. He said many projects are under discussion. He said the agency officers may help in the undertaking by encouraging participation in the project, and he asked them to help see that the movie "Yours

Truly, Ed Graham" is given as extensive circulation as possible, especially by causing the general agents and managers to have it shown in their communities. The movie has already had about 700 showings before non-insurance audiences numbering about 80,000.

The movie was then shown for the benefit of those agency officers who had not already seen it.

### Jerome Clark Functions Wednesday

The session Wednesday was in charge of the A. L. A. O. with Jerome Clark, vice-president of Union Central, presiding in his capacity of chairman of the directors. The day was started in most interesting fashion with M. A. Linton, president Provident Mutual Life, suggesting in masterful fashion the proper attitude that insurance should adopt towards the social security amendments.

Mr. Clark appointed a nominating committee to bring in the names of three for election as directors of A. L. A. O. H. G. Kenagy, Mutual Benefit, served as chairman of the committee, the other members being D. C. MacEwen, Pacific Mutual; John J. Moriarty, American Mutual; Seth C. H. Taylor, Sun Life, and F. F. Weidenborner, Guardian Life. The Wednesday speakers included Henry Bossert, Jr., W. J. Adams, H. J. Cummings, L. S. Morrison; C. J. Zimmerman, J. C. Behan, Frank L. Lones, Cecil J. North, D. Gordon Hunter, Karl Ljung, G. H. Armstrong, Seth C. H. Taylor and Jerome Clark.

### H. W. MANNING

H. W. Manning, general manager of Great-West Life, in his talk Wednesday said:

"Our business has developed so rapidly that we seem to have let some of our component parts drift apart. It is high time we should bring these closer together. I am not thinking solely of head office, field organization and public. I am thinking rather of home office organizations, the great melting-pot for the whole of your company influence practices and administration. What can we do to unscramble the departmentalization of home offices? How can we find some way of better mingling those considerations which go to make up company policy? How can we get a proper intermingling of agency problems, investment problems, legal problems, underwriting problems, rate-making problems, so that company policy may be the more embracing? The chief officials keep contact with all these various considerations which go into the making up of company policy but the test is: does the policyholder understand? Or, I will

make it a little easier—does the agency force understand, do they clearly comprehend what the company policy is? Or, reverse the order, does company administration know what the field organization know about public attitude, public needs and public circumstance?

"We have come into an era of lower interest rates, and the field organization are caught up in an effort to lower the cost of operation. If they are required to sell higher cost insurance through increased premiums or decreased dividends they should not only know that interest rates are off but they should know the reason and the effect which that tendency is going to have upon their business. It has been characteristic of life insurance that, in all newly found conditions, the field organization have always uncovered new uses for life insurance. The same forces which are affecting the circumstances under which the agent has to work are creating changed circumstances in other avenues where his ingenuity will find new needs for life insurance.

### Profit by Research

"Let us not worship false gods. Let us not be beguiled by false practices. Let us not pursue old policies just because they worked. Let us scan company policy in the light of those facts which we can study and the perhaps different circumstances by which we are influenced.

"This is the day of profit by research on three counts: first, we have the field for research; secondly, we have the agency for it; and thirdly, we have the very distinct need for it as we pick up the challenge which is ours today to dispense the obligations of trusteeship and to give to the future a leadership, direction and administration which will enable us to pass on to succeeding generations a heritage comparable to that which has come to us.

"Whatever be the future course of life insurance on this continent, there can be no doubt that we have cherished the tradition of trusteeship. Human welfare, permanent values, sanctity of contracts, have all been wrought into the very spirit of our business. We are challenged today by the call of greater responsibilities and greater possibilities than have formerly confronted us in the history of our business.

"In the economic structure of the future life insurance will occupy a central and dominant position. It must supply the scheme of values, the basic support of our social and business order. At a time when highest motives are momentarily questioned, when sound principles would be distorted, we must command the supreme allegiance of which we are capable."

The concluding session Thursday

morning was a Research Bureau period with S. C. McEvenue, Canada Life, presiding as chairman of the directors of the bureau.

Thursday afternoon the directors of the bureau went into session to elect an executive committee and a chairman.

The speakers Thursday included J. A. Hawkins, C. O. Fischer, B. N. Woodson, O. J. Arnold and J. M. Holcombe, Jr.

### NILES TALKS

Henry E. Niles, consultant with the Research Bureau, speaking Thursday, said:

"It seems doubtful that life insurance sales or business in force will increase greatly in the next decades unless some important unforeseen factor comes into play. Some companies and some agencies will grow, but often the growth of one will be at the expense of some other, and on the whole, the average growth will probably not be great. However, progress does not necessarily stop when growth stops. Progress does stop and decay starts when objectives are reached and there is nothing more to do.

"Improving the quality of business is taking the place of increasing its quantity as an objective for many companies and agencies. Frequently 'quality' is assumed to mean relatively large policies, on the annual premium basis, sold to applicants whose economic status is such that their lapse rate is low. To secure this kind of quality business is a sound objective for some companies and agencies, but we question whether it is sound for the business as a whole. There is a large market for ordinary life insurance that is not included by such a definition of quality. The challenge which some other companies are meeting is to do a high quality job in selling to those who cannot afford large policies but whose need for insurance is perhaps even greater than that of the large buyer.

### Eliminating Low Producers

"An obvious way to increase the average earnings of agents is to eliminate the low producers. There are roughly 133,000 so-called 'full-time' agents in the United States, divided about equally between ordinary and industrial companies. This is one agent for every 459 adult whites, male or female, between the ages of 20 and 64 inclusive in the 1930 census. In 1936, for each full-time agent, there were only 54 families or single individuals with incomes of \$2,000 or more per year. There were only 10½ families or single individuals with incomes of

(CONTINUED ON PAGE 30)



## Arnold Views Agency Compensation

(CONTINUED FROM PAGE 2)

nance of the goodwill of our existing policyholders played so small a part in our compensation emphasis.

"A second question is this: Does our compensation system reward our agent in proportion to his true worth—his real contribution to the company and the policyholder? Since it was apparent that our old system of compensation was not geared closely to our means of making a profit, it seemed quite possible that there might be a wide discrepancy between the amount a man was receiving from us and the real worth of his service to his own policyholders and his contribution to the welfare of the body of policyholders who make up the company. Investigation of this angle proved that our doubts were well founded. Let me illustrate by taking two extreme examples.

"Agent A produces \$100,000 of business and it lapses 100 percent before the second premium is paid. Under those circumstances, we pay Agent A 50 percent of the premiums he brings to the company. Agent B, on the other hand, produces \$100,000 of business and renews it well—say at Linton's Table A. At the end of ten years, we find we have paid him only 10.9 percent of the premiums he brought to the company. While these are extreme examples, it is always true under the old system of compensation that the agent whose business lapses faster receives the higher rate of pay.

### Illustration Is Given

"Take another illustration. Agent A produces \$100,000 of business and lapses all but \$10,000 the first year. Agent A's contribution to the company at the end of the second year, then, has been \$100,000 of loss-producing business and \$10,000 of profit-producing business. Agent B, on the other hand, produces \$100,000 of business and renews \$90,000 the second year. His contribution has been \$100,000 of loss-producing business, but he has also contributed nine times as much profit-producing business. Yet at the end of the second year, we have paid Agent A 46 percent of the premiums he brought to the company, while we have paid Agent B less than 30 percent of the premiums he brought in.

"We could only conclude, therefore, that the old system of compensation paid the agent at a commission rate which was in exact reverse of the agent's real contribution to the company and to the policyholder. We believed, moreover, that a sound system of compensation must reverse this situation in such a way that the rate of compensation to the agent would increase as the business he produced showed greater profit possibilities, or in other words, a greater real contribution to the company and the policyholder alike.

### Third Significant Question

"This leads to a third significant question: If the old compensation system is not geared to our profits and if it pays in reverse ratio to the worth of the agent, is it possible that we in some instances continue to pay renewal commissions where neither the agent's efforts nor our profits justify them?

"The answer is that we were paying some of our agents for unprofitable efforts—indeed for no effort at all. Some more examples will serve to illustrate. Agent A devotes all his time to new business and little or none to service. Only the natural persistency of his business acts to protect our profits on the business he produces. His lapse rate is high and his business as a consequence may represent a loss to us. But nevertheless we do actually pay him a renewal commission on such business as renews naturally and automatically, without effort on his part.

"Agent B, on the other hand, is a conscientious agent. He knows some

of his business will renew without effort. He knows the preservation of business which threatens to lapse takes time and rewards him only meagerly in proportion to the same amount of effort on new business sales. But his loyalty to his company and to his policyholders makes him devote his time to the job of conservation. Yet the pay he receives for that effort amounts proportionately to very little more than the pay which A receives for no conservation effort. And what is more important, A is paid at exactly the same rate as B—a rate which has no relationship whatsoever to the comparative effort exerted by the two men.

"Our third conclusion was that a sound compensation plan must concentrate rewards where effort is needed and must eliminate any reward, in so far as possible, that is paid without a corresponding effort on the agent's part or that is paid at the expense of a loss to the company.

### Control of Agency Expense

"Now one more question: Since the old plan of compensation pays the same first year commission and renewal commission regardless of whether the agent's business is profitable or unprofitable, are we able truly to exercise control of our agency expense?

"Here again we were forced to a negative conclusion. There was little or nothing we could do about an agent who neglected his renewal premiums. Indeed the old system of compensation gives direct and emphatic preference to new business—good, bad or indifferent. And while we might stress conservation and policyholder service and need selling and programming and low-pressure selling, our most energetic efforts in this direction were constantly at odds with our compensation which encouraged a hard-pressed agent to get some new business—regardless of how it was sold or whether it had any chance to persist at all. He was encouraged to proceed on that basis because his rate of pay was the same regardless of whether the business was good business or bad business.

### Conclusion Reached

"We reached the conclusion that good business for us demanded a plan of compensation which insured an adequate volume of profitable renewal premiums for every dollar expended in total compensation—new and renewal. We believe the agent's rate of pay reflected in his total compensation should be directly in proportion to our profits on his business. To put it another way, we believe that an increasing volume of renewal premiums from the new business we are now selling is far more important to us than a larger agency organization or more new business or any other consideration. While our new plan will undoubtedly be a powerful help in attracting new man-power, we have specifically instructed our general agents and managers that it is not to be used for luring the agents of other companies into our organization. Nor is it designed primarily to build new business, although again we expect it to help in this direction. The prime goal we have set is the attainment of a much greater number of profitable renewal premiums coming from whatever organization we have and whatever new business volume we get. We believe a true control over our agent's compensation in terms of the persistency of his business will produce this result and at the same time serve the interest of our policyholders, increase the profits accruing to them, justify an increase in the earnings of our agents, and stabilize our agency employment.

"Let me summarize these conclusions and then I will tell you in a word how we have endeavored to meet them. In summarizing them I shall refer fre-

quently to our profits, and I ask you, again, to keep in mind that by 'profits' I mean contributions to surplus subsequently reflected in lower costs to the policyholder. Here are the principles:

"1. Our compensation must gear our agent's efforts directly to our means of making profits. This can only mean that his largest potential rewards must come from renewing business rather than from producing new business.

"2. Our compensation must be so constructed as to relate the agent's rate of compensation directly to his worth in producing profits and cutting losses for the company, and in contributing to the welfare of the public we serve.

"3. Our compensation must be so constructed that it pays better rewards than at present when real effort is required to protect our profits, and pays no reward or even penalizes the agent who through lack of effort jeopardizes our profits.

"4. Our compensation must be controlled in such a way that the agent's combined earnings from his new and renewal commissions are in direct proportion to our profits derived from his renewing business.

### Description of the Plan

"Let me tell you how we have endeavored to arrive at these ends in the compensation plan we have set up. Let me repeat, the details of our plan may not fit any other company. But perhaps a brief description of our own plan will help to clarify the principles which I think are the important things for all of us to consider.

"First, we have geared the agent's greatest potential source of earnings to the persistency of his business—in keeping with the first principle. To illustrate with extreme examples—an agent who renews his business 100 percent for nine years under the old plan would at the maximum receive in renewal commissions 90 percent of what he made on his first year commissions—the relation-

ship of nine 5 percents to a 50 percent first year commission. With a 100 percent persistency under our plan, his renewal commissions—assuming a \$30.00 average premium—would be 240 percent of his first year commissions. As the agent's persistency falls off, this rate also falls off, until at low persistency percentages our plan pays him no renewal commissions at all. The essential point here, however, is that his greatest potential earnings no longer come from new business commissions. They come from attaining high persistency. To increase his earnings substantially, therefore, he must write only new business that persists. Hence his earning power is geared to low new business costs and high renewal profits for us.

"Second, in keeping with the second principle, our plan is so constructed that the agent's renewal commission earnings—translated into a percent of the renewal premiums on his business—show an increasing renewal commission rate as his persistency increases. At Linton's A Table—assuming an average premium of \$30—his renewal commission rate is 11.3 percent instead of 5 percent. At a persistency running just half of Linton's Table A, his renewal commission under the new plan would be 1 percent instead of 5 percent. His renewal commission rate—in terms of a percentage of the premiums—steps up rapidly as his persistency increases.

"Third, we accomplish these results by eliminating from renewal commission payments a certain portion of the agent's renewing business. By eliminating commission payments altogether on a portion of the business, we are able to concentrate renewal compensation on higher persistency which we know takes good selling and conscientious service to attain, and we eliminate, in large part at least, commission payments for effortless or natural persistency. This is in accordance with the third principle. For example, we place a minimum or base persistency requirement for 1939



## WE GIVE THANKS

That we can provide the corner stone upon which to build permanent Castles-of-the-air.

That through friendly service, we have been able to take our place among the leaders carrying the torch of the Institution of Life Insurance.

That the years of service behind us have been honorable ones — years which have given us a broader, surer foundation for future years of service.

You, too, will give thanks every day if you become friendly with the

**PEOPLES LIFE INSURANCE CO.**

"The Friendly Company"

FRANKFORT

INDIANA

of approximately 50 percent on the business our agent produced in 1938. On this portion of his business we pay no renewal commissions in 1939. But we pay a much larger flat commission per thousand on each \$1,000 he renews in excess of 50 percent of the volume he produced last year. If he renews 70 percent of his business, for example, we pay him \$10 per thousand on each thousand over and above the base—or \$10 a thousand on 20 percent of the original business. And \$10 per thousand on that amount corresponds to about a 10 percent commission on the full 70 percent renewed. If he renews 90 percent of the business, he receives the \$10 per thousand on 40 percent of the original business, or about 15 percent on the premiums on the full 90 percent renewed. If the business of any one year renews at an amount less than enough to meet the base ratio, we charge or debit the agent on the deficiency at the same rate per thousand. The difference between the base we require and the amount he renews, therefore, determines what his total renewal commissions will be, and the higher his renewal ratio, the higher the rate of pay.

#### New Series of Base Ratios

"Each year a new series of base ratios are set for the business produced in each of the preceding nine years. Nine years are taken to conform with existing agency contracts. The business produced a year ago has a different base, of course, than business produced nine years ago, but the important thing is that out of the production of each of the nine preceding years a certain amount must be renewed in the current year. Thus he is rewarded at an increased rate as his persistency improves and penalized at an increased rate as his persistency falls below the base into the area where poor selling and lack of service are obvious.

#### Control of Expense

"Finally, as to our control of expense. I think you must agree that control of expense means not so much controlling the dollars we put out but controlling the returns we get from each dollar expended. We have broadly accomplished this result by linking together the new and renewal commissions paid the agent in such a way that the renewal premiums we receive are the governing factor in the total amount of compensation we pay. If the poor quality of an agent's business makes the first year commissions paid him excessive, his renewal commission rate goes down rapidly enough to reduce his renewal commissions accordingly, and the total pay he receives over ten years will be in keeping with the value of his business. If the business of any one year falls below the base, the resulting charges against commissions earned on the business of other years act to reduce the over-all compensation and keep it in line with the actual value of his business. If the agent's business renews only at our base, his renewal commissions disappear entirely. If this should happen, our attention is forcefully directed to the question of whether that agent's business is yielding any profit to the company.

"I might add also that because we have made the renewal commission earnings potentially greater than the

agent's new business commissions, the incentive always is to attempt to increase his pay by better persistency and there is no incentive to attempt to run up his earnings by submitting poor quality new business. Indeed, to submit poor quality new business simply decreases automatically his renewal commission rate and leaves him no better off. Thus the plan steadily and surely works to bring about a correct relationship between our profits from renewal premiums on any block of business he produces and the total compensation—first year and renewal—we pay for that business."

## Holgar Johnson New Head of Institute

(CONTINUED FROM PAGE 3)

ing with people and his brilliant career as an executive and teacher.

"Mr. Johnson brings to this important position a thorough understanding of the problems of American men and women," said Mr. Wilde. "Not only has his career been spent in dealing with these problems and helping to solve them but since early boyhood, Holgar Johnson has had to make his own way, educate himself and help support others. Since life insurance plays such an important part in the economic hopes and desires of so many millions of Americans, we believe that this makes him particularly qualified for the important job he has to do."

Mr. Johnson, who is 43 years old, has had one of the outstanding careers in the field of life insurance. He has just finished a year as president of the National Association of Life Underwriters. In his time he has traveled in practically every state in the nation and has met and talked with thousands of people both in the life insurance business and outside of it.

#### Holgar Johnson's Career

Mr. Johnson was born in Middletown, Conn., and his family later moved to New Britain. There, when he was 11 and the oldest of four sons, his father died. From that time on he worked, while gaining his education, to help support the family. He attended Mt. Hermon Academy, New Britain high school and, in 1922, was graduated from the University of Pittsburgh. During the World War he served in the U. S. Navy.

Upon graduation from the University of Pittsburgh, Mr. Johnson decided that since he wished to embark on a career of working with people, his future lay in the field of life insurance. He joined the Pittsburgh agency of the Connecticut Mutual Life and after four years of selling and supervisory work went to the home office as assistant superintendent of agencies. Two years later, in 1928, he returned to the field as Pittsburgh general agent of the Penn Mutual. Taking over an organization of four men, in the past 11 years he has expanded it to one of the outstanding general agencies.

Mr. Johnson has served as president of the Pittsburgh Association of Life Underwriters; the Pennsylvania State Association of Life Underwriters; the Penn Mutual General Agents Association; and trustee, vice-president and

president of the National association. He is one of the youngest trustees of the University of Pittsburgh.

He will soon move to New York City to take up his new work.

#### Tributes to the Institute

In discussing the need for an organization of the type of the Institute of Life Insurance, L. A. Lincoln, member of its board and president of the Metropolitan Life, said:

"We have long recognized the need and importance of a coordinated effort along the broadest possible lines for making available to the public directly and to agencies of public information, such as the newspapers, magazines, trade press and radio, the facts about our business.

"Far transcending the interest of any one company is the interest of the membership of our great institution of life insurance—the policyholders of all companies."

Representing the southern membership, Julian Price of Greensboro, N. C., also a member of the board and president of the Jefferson Standard Life, said:

"The Institute is intended to serve policyholders of legal reserve life insurance companies in the United States regardless of the company's size or location. We, in the south, heartily endorse its aims and I am happy to see that companies from 32 states and two Canadian companies doing business in the United States are participating in this new program."

Speaking from the standpoint of his close association with Mr. Johnson for the past 10 years, John A. Stevenson, another member of the board and president of Penn Mutual Life, said:

"The life insurance world is highly fortunate in being able to call on a man of Holgar Johnson's demonstrated capacity and noteworthy accomplishments to head the Institute of Life Insurance. He is one of the distinguished leaders in our great business and, both from the standpoint of personal characteristics and professional attainments, is eminently qualified to accept the challenge which his new responsibilities offer."

#### Association Men Present

Superintendent L. H. Pink of New York attended the luncheon. Among the organization men on hand were Roger B. Hull, managing director National Association of Life Underwriters; Karl Ljung, Jr., Jefferson Standard Life, president of the Life Advertisers Association; Dr. H. M. Frost, president Association of Life Insurance Presidents; F. L. Rowland, executive secretary Life Office Management Association; W. P. Barber, Jr., president Life Office Management Association; R. A. Hohaus, Metropolitan Life, president American Institute of Actuaries; A. C. Daniels, secretary Institute of Life Insurance; C. B. Robbins, manager American Life Convention; C. J. Zimmerman, Chicago general agent Connecticut Mutual, president National Association of Life Underwriters.

Mr. Johnson will give his entire time to the Institute of Life Insurance, which means that he will be obliged to relinquish his work as general agent of the Penn Mutual Life in Pittsburgh. Mr. Johnson was one of the chief speakers

## New Secretary of Texas Life Insurance Executives



PAUL V. MONTGOMERY

The new secretary-treasurer of the Texas Association of Life Insurance Executives is Paul V. Montgomery, vice-president and actuary of Southland Life. In reporting the annual meeting, it was incorrectly stated that M. E. G. Brown, vice-president of Southwestern Life, had been reelected secretary. Mr. Brown has served as secretary for a number of years.

this week in Chicago before the Association of Life Agency Officers. The past year, when he was president of the National Association of Life Underwriters, he was away from his office a considerable part of the time but the administration was carried on very satisfactorily by his brother Eric, who is associate general agent.

The institute will hold its annual meeting Dec. 13, President Johnson announced. This will be the first meeting of the full organization since the institute was launched. Because of the extent to which membership overlaps with that of the Life Presidents Association, the date of the meeting, the day before the presidents meeting opens, was selected with a view to promoting the largest possible attendance of the institute's membership. Details of the program have not yet been worked out.

## C. L. U.

#### Huebner Makes C. L. U. Awards

At the first fall meeting of the Philadelphia C. L. U., Henry H. McBratney, president Philadelphia Association of Life Underwriters, and Millard R. Orr, chairman of committee in charge of Philadelphia preparations for the 1940 national convention, presented a summary of the St. Louis activities that resulted in the convention being awarded to Philadelphia.

Dr. S. S. Huebner awarded the C. L. U. designations to two Philadelphians and presented the life agency management certifications to six. Dr. David McCahan repeated the talk which he had given in St. Louis, "The Life Underwriter and American Security."

#### Discuss Social Security Changes

At a meeting of the Atlanta C. L. U. chapter, Frank Akers, Jr., vice-president, led a discussion on "New Social Security Amendments." Willis Milner, Jr., and Roy Le Graw were admitted as members.

The Los Angeles C. L. U. Chapter at its annual dinner dance presented diplomas to the new Southern California C. L. U.s.

## AGENTS WANTED!

Definite Territory, under  
Home Office Registered Contracts!

**GEORGE WASHINGTON LIFE INSURANCE COMPANY**

of Charleston, W. Va.

**LEE WARREN JAMES, PRESIDENT**





## LEGAL RESERVE FRATERNALS

### North Dakota Holds Its Annual Meeting

The North Dakota Fraternal Congress held its annual meeting at Devils Lake, Oct. 25. The executive committee, in planning the program, had in mind carrying out the scheme of promoting public relations in line with the action of the National Fraternal Congress at its Detroit convention. E. H. Neumann of the Aid Association for Lutherans, was on the program and gave a very clear explanation of what open and closed contracts mean. I. W. Smith, actuary for the A. O. U. W., in an illustrated lecture on rate making explained with blackboard illustrations how premiums are computed according to the American table. He showed how the percentage of dividends is arrived at.

#### Told of the National Meeting

Judge L. J. Palda of Minot, N. D., past president of the state bar association, gave a talk on legal subjects affecting the work of field men and local lodge officers. He stressed the point of representatives of fraternalism abiding by the laws of their orders to avoid needless litigation that might come up through unjust claims being presented. The subject of "Waiver" and "Estoppel" was explained.

Mrs. Laura Butterwick, past president of the North Dakota congress and

grand secretary of the Degree of Honor Protective, who represented the North Dakota congress at the National Fraternal Congress meeting, gave a report of that convention.

W. E. Hocking, mayor of Devils Lake, who is a fraternalist, extended greetings. B. C. Marks, grand master workman of the A. O. U. W. and past president of the National Fraternal Congress, was delegated by the president to represent it at the meeting. Mr. Marks, at the close of his address, introduced Governor John Moses, of South Dakota, who is a fraternalist. He paid special tribute to the charitable, civic and financial contributions made by the societies. He said that the North Dakota congress represents 55,000 citizens.

Walter Fearn of Fargo gave a talk on the work of the fraternalists, reviewing their history and accomplishments. He laid stress on their soundness of operation and told about the work that they are accomplishing. The children from the North Dakota School for the Deaf, located at Devils Lake, provided some entertainment.

E. H. Neumann of Sauk Rapids, Minn., general agent for the Aid Association for Lutherans, was elected president; Mrs. Margaret Hall, Fargo, Woman's Benefit, first vice-president; F. A. Burkhardt, Devils Lake, Catholic Order of Foresters, second vice-president, and Cora C. Newman, Fargo, A. O. U. W., home office, secretary and treasurer.

M. D. Anderson, A. O. U. W., president of the state congress was in charge of the meeting.

### Pennsylvania Congress Is Meeting in Pittsburgh

PITTSBURGH—The annual meeting of the Pennsylvania Fraternal Congress is being held here Nov. 2-3. President R. F. Mahaney, state manager Woodmen of the World, is presiding.

Speakers scheduled are: Mayor C. D. Scully, Miss Frances D. Partridge, president National Fraternal Congress and secretary Woman's Benefit, Port Huron, Mich.; Mrs. H. Orma Chamberlain, vice-president of the state congress and state supervisor Royal Neighbors; Commissioner M. H. Taggart of Pennsylvania; Walter Basye, editor "Fraternal Age"; Mrs. Grace McCurdy, head of the Royal Neighbors; H. W. Teamer, secretary-manager Insurance Federation of Pennsylvania; F. B. Mallett, field manager Protected Home Circle; J. P. Sekerak, president Greek Catholic Union of Russian Brotherhoods of U. S. A., and Miss Louise Patrick, state manager Woodmen Circle.

#### Many Reports to Be Read

Officials will read their reports, including President Mahaney; H. Bruce Meixel, secretary-treasurer; D. K. Horner, credentials; F. M. Speakman, legislation; John Spricer, past president, fraternal ethics; A. D. Allen Clauser, state manager Modern Woodmen, fraternal progress; H. E. Klugh, director Woodmen of the World, state of the orders and statistics; O. A. Kottler, acting secretary Artisans Order of Mutual Protection, social contact; S. H. Hadley, president Protected Home Circle, lodge activities; Mrs. Barbara Schmalzriedt, district manager Woodmen Circle, junior membership; J. L. Wilmet, secretary Junior Order United American Mechanics, publicity; Mrs. H. Orma Chamberlain, membership.

The election of officers will be held Friday. Other speakers include A. S. Hamilton, editor "Fraternal Monitor"; C. D. DeBarry, president C. D. DeBarry Co., Chicago; John Masich, second vice-president; R. E. Miller, Omaha, promotion director Woodmen of the World.

The banquet and social and entertainment activities are in charge of a committee headed by Francis Taptich, pres-

ident United Societies Greek Catholic Religion.

### Mrs. Hazel Heads Iowa Congress

Mrs. Margaret Hazel of Des Moines, representing Ben Hur Life, was elected president of the Iowa Fraternal Congress at the annual convention at Sioux City. Lyle Brown, Des Moines, Modern Woodmen, is first vice-president; R. W. Schultz, Waterloo, Aid Association for Lutherans, second vice-president, and George M. Bird, Cedar Rapids, editor of "Fraternal Field," is secretary. More than 300 attended.

### Campaign for President Hadley

A special window display in the McDowell National Bank at Sharon, Pa., in September initiated the campaign of Protected Home Circle to secure a large increase in membership before the birthday of S. H. Hadley, president, which is March 15, 1940. In the display a large portrait of President Hadley was

centered between two flags, and posters on each side told the purpose of the drive. Joseph Spencer is chairman of the committee in charge of the campaign. Hadley campaign pins, emblems and buttons have been designed to be awarded to field representatives and members who submit business.

### Drive Honors O. E. Aleshire

November and December will be devoted by Modern Woodmen's field force to a campaign honoring O. E. Aleshire, president. It is expected that a volume will be secured which will show a substantial increase for the year over the 1938 total.

### C. O. F. Has Juvenile Drive

A campaign for juvenile business is being conducted for the Catholic Order of Foresters, Chicago, to wind up Nov. 30. The juvenile department now numbers about 24,000 members. Pen and pencil sets are being offered all courts

## MORE THAN A MILLION DOLLARS A MONTH

DURING the first six months of 1939 MODERN WOODMEN OF AMERICA distributed \$6,848,493.07 in cash to the beneficiaries of deceased members and to living members. This impressive sum, averaging more than \$1,000,000.00 per month, was paid promptly as each claim matured, thus maintaining the Society's 56-year record of genuine human service.

**\$605,825,109.48 paid in benefits since organization**

## A THREE-MILLION-DOLLAR GAIN IN ASSETS

The continued gains shown on its financial front are demonstrated by an increase of \$3,256,054 in assets for the same six months' period. Strict adherence to a wise and conservative investment policy is an added assurance of financial stability.

**Assets total \$81,910,944.16—a 100 per cent increase in the past six years**

**MODERN WOODMEN OF AMERICA**  
Head Office Rock Island, Illinois

## WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY

Founded nearly half a century ago, its assets have mounted to over \$128,000,000.

Its investments are largely in Government, State and Municipal Bonds.

It has paid to beneficiaries over \$258,000,000, and to living members over \$47,000,000.

It values all of its outstanding business on the American Experience Table and 3%, and for each \$100 of reserve and current liability it has assets on hand of the value of \$114.92.

Through prosperity and depression, war and epidemic, its financial strength has paralleled its record of insurance and fraternal service.

It maintains at San Antonio, Texas, an endowed free hospital for members who suffer with tuberculosis. This institution is on the accredited list of the American College of Surgeons.

De E. Bradshaw, Pres. Omaha, Nebr.

### THE WOMAN'S BENEFIT ASSOCIATION

Founded 1893

A Legal Reserve Fraternal Benefit Society

Bliss West Miller, Supreme President  
Frances D. Partridge, Supreme Secretary  
Port Huron, Michigan

## PROGRESSIVE



Throughout the thirty-six years of its existence, the Aid Association for Lutherans has earned a reputation for able, progressive management, and sympathetic understanding of the needs and problems of its certificateholders. The Association has ever been alert to the modern trend of the times, always adjusting itself to meet new needs of protection.

INSURANCE IN FORCE.....\$197,255,732.00  
ASSETS .....\$ 31,616,370.90

Paid to members and beneficiaries since organization in death and sick benefits, old-age income, surplus, etc., \$21,374,043.73.

All standard forms of legal reserve life insurance for men, women, and children of Synodical Conference Lutheran churches.

## Aid Association for LUTHERANS

Appleton, Wisconsin

Alex. O. Benz, Pres.  
Otto C. Rentner, Vice-Pres.

Albert Voecks, Secy.  
Wm. H. Zuehlke, Treas.

for combined juvenile and adult new membership, one set for each \$5,000. There is also \$1,000 in production prizes to be awarded, the first prize being \$500, and there being nine in all grading down to \$10.

### Fighting Spirit Is Manifested By Agency Officers

(CONTINUED FROM PAGE 26)

\$4,000 or more per full-time agent, or 21½ per full-time agent of purely ordinary companies. The business as a whole cannot expect an increase in the average earnings of a large group of agents if they all concentrate upon this quality market.

"Higher quality business, if it is attainable by the individual company, may result in lower costs, but securing a larger percentage of so-called 'high quality' business cannot be the answer to the cost problem for most companies.

"We believe that the popular attacks upon life insurance costs are generally based upon a lack of knowledge of the operations of insurance companies. At present, about \$0.85 out of every dollar of expenditure of ordinary life insurance companies goes to policyholders or beneficiaries either directly or in increases in funds belonging to them. Of this \$0.85 the policyholders put in a little under \$0.80. If operating expenses, such, for home office and field, rent, printing, postage, advertising, and agents' balances charged off, were reduced by one-quarter, and we have no idea that this would be possible, the saving would amount to less than 3¼ percent of the premium income of the companies. State taxes on premiums in 1937 equalled more than half the total home office official and clerical salaries. Life insurance distributive costs do not appear to be excessive, but they can undoubtedly be reduced in some instances."

Karl Ljung, Jefferson Standard Life,

president Life Advertisers Association, speaking Wednesday afternoon, said life insurance hasn't learned how to advertise itself for sales. It is still groping for the right word and its story is rather incoherent. He predicted that future advertising will hit harder from the sales standpoint and give less prominence to the company. Advertising technique, he said, will improve as more experience is gained.

J. C. Behan, Massachusetts Mutual, was scheduled to report on the Annual Message week, but instead gave a brief humorous talk.

G. H. Armstrong, manager of engineering International Business Machines Corporation, speaking Wednesday, related some of the experiences of his company in training salesmen. He said it goes on the theory that salesmen can be made and if a man has a good personality, good appearance and initiative, he can be trained to sell successfully.

The Research Bureau was host to the press at a luncheon Tuesday. J. C. Behan, vice-president Massachusetts Mutual, presided. At the table were R. E. Irish, president Union Mutual Life, a member of the executive committee of the bureau; C. T. Davies, the policyholder from Wyomissing, Pa., a former hosiery manufacturer; C. J. Zimmerman, Connecticut Mutual, Chicago, president National Association of Life Underwriters, and H. J. Johnson, the new president of the Institute of Life Insurance.

### Committee on Agents' Compensation Is Set Up

(CONTINUED FROM PAGE 14)

during the year. The bureau, he observed, has three major channels for distribution of facts and informed opinion relating to the distribution of insurance, they being the printed page, personal contact and meetings, seminars, conferences, etc. Especially valuable were the bureau's reports on the aptitude index, "Young Men in Life Insurance," "Collection Frequency" and "Financing of Agents." The committee on persistent business has been active. Two significant reports are nearly ready for the printer, they being on "Agency Morale" and "Factors of Agency Management."

### Schools on Special Problems

Three schools were held during the year and tentatively planned for 1940 are three schools—probably one in Texas in May, one on the Atlantic seaboard in June and one in Chicago in July. During 1939 there was extended use of conferences for small groups of companies with "special problems common to the group." There was a conference in Toronto in March and another in Chicago in May.

The testimony of J. M. Holcombe, Jr., the manager, before the TNEC investigation in June, according to Mr. Whatley, was one of the most valuable contributions of the year to the relations with the public of the institution of life insurance.

### To Hold Seminar in Seattle

The Seattle Managers Association will hold a management seminar Nov. 6-11 conducted by the Sales Research Bureau. B. N. Woodson, the bureau's director of service, and Ward Phelps, consultant, will attend. Arrangements are in charge of Guy Gay, manager Sun Life.

Homer Rogers, Indiana manager of Equitable Society, mingled with the company executives attending the Research Bureau-Agency Officers convention in Chicago and conferred with Frank L. Jones, vice-president of Equitable Society. Another Equitable manager on hand was E. L. Carson of Milwaukee.

J. H. Vander Linden, 68, for the last 13 years in charge of farm lands for the Bankers Life, died at his home in Des Moines.

## DEATHS

Mrs. Alice J. McMurray, wife of Thomas S. McMurray, Jr., vice-president of State Auto of Indianapolis and former Indiana commissioner, died at St. Vincent's hospital and was buried in Denver.

Gerald G. Hart, 38, secretary-treasurer of the Columbian Mutual Life, Memphis, Tenn., died there. He went to Memphis 12 years ago as assistant secretary, was made secretary in 1936, and secretary-treasurer in 1938. He was previously with Missouri State Life and Central States Life.

G. P. Phillips, agent of the Prudential in Memphis for 20 years, for five years vice-president and director of Memphis Life Underwriters Association, died there following an operation.

T. F. Witt, 47, formerly general agent at Richmond, Va., of Connecticut Mutual Life died there following an illness of several weeks. He started out with the G. W. Diggs agency of the Penn Mutual in Richmond, developing into one of its leading producers. He later went with the Connecticut Mutual as general agent. In recent years he had been with the Sun Life in Richmond as a producer.

Clifford D. Simmons, 44, La Crosse, Wis., manager Metropolitan Life, died at a hospital in Rochester, Minn., from complications following an automobile accident. Mr. Simmons went with Metropolitan at Rochester in 1923, and became assistant manager in charge of Winona, Minn., in 1929. He was promoted to manager in 1933 and served at St. Paul, Wausau, Wis., and La Crosse.

A. H. Tetting, 52, Milwaukee general agent Great Northern Life since 1926, died there. He had not been in good health for some time. Before joining Great Northern in 1924 he had been an agent for several other companies.

E. C. Davis, Ohio National Life manager at Yakima, Wash., died from a heart attack. He was a member of the Quarter Million Dollar Club since its beginning and a regular qualifier for the Builders Club.

Frank J. Spellacy, Seattle general agent Western Life, died from a heart attack while on a hunting trip near Yakima. He was formerly with the Northern Life.

Dr. F. G. Brathwaite, associate medical director Equitable Society since 1915, died Oct. 30 of pneumonia, at Stamford (Conn.) Hospital. He was 71 years old. A graduate of the College of Physicians and Surgeons of Columbia University, Dr. Brathwaite was for several years a medical officer in the United States Navy, resigning in 1898. He joined the international department of the New York Life as a physician and his work took him to Australia for several years. He became general manager at Sydney in 1907. In 1912 he was transferred to the Paris office as assistant medical director and when the world war started went into the American ambulance service and was in the first battle of the Marne.

E. L. Turner, 66, who, until his retirement a few years ago had been in life insurance work in Columbus for 40 years, died suddenly from a heart attack. He formerly was with the John Hancock.

### Williams Addresses Legion

CINCINNATI—Assurance of continued employment and old age security by means of the company's impregnable financial strength, the continuation of present management policies, and an employees' retirement fund, was given to 600 members of the home office chapter of the Western & Southern Legion by President C. F. Williams at the annual banquet of the organization. Mr. Williams said he was very much impressed by the fact that 4,000 of his associates and their families received pay checks every week 52 times a year.

Over 60 percent of the Western & Southern home office employees are legion members, the minimum require-

### American College May Extend Activities: Huebner

PHILADELPHIA — Broadening of the educational activities of the American College of Life Underwriters this season was hinted by Dr. S. S. Huebner, president of the college, in his talk before the October luncheon meeting of the Philadelphia Association of Life Underwriters.

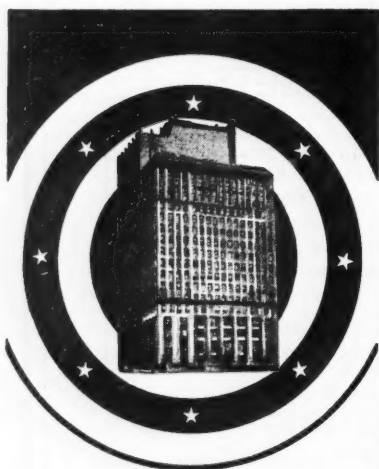
Dr. Huebner commented on the agency management study course and examinations started by Philadelphia group, adding "We are thinking of taking it over and making it applicable to the rest of the big cities."

"We are through with the experimental stage," stated Dr. Huebner. "The college is now full-fledged and is entering the era of expansion."

President Henry McBratney, Provident Mutual, paid tribute to the convention committee for securing the 1940 national convention for Philadelphia. Later, Millard Orr, Massachusetts Mutual Life, chairman of the committee, and Miss Hospitality (Anne Freeman) spoke briefly on the work involved in landing the convention.

ment being five years' service. The various classes of the legion are distinguished by five-year intervals. Responses were made by representatives of the various classes. Mr. Williams, as grand marshal, presented gold emblems to the new members of the various classes, class II (25 year) members also receiving gold watches and class I (30 year members) diamond emblems. Legionnaires completing 35 years and entitled to class I-A membership are appointed marshals of the legion, presented \$350 and an inscribed gold plaque, and attend all conventions at company expense. Presentation of \$50 is made on each succeeding anniversary.

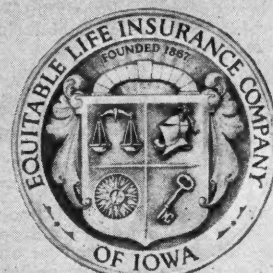
Marshals are H. I. Shaw, Julius Samuelson, I. Edgar Sanford, F. C. Turner, and L. A. Bloemer.



**General Agency  
OPPORTUNITIES  
for good personal  
producers**

**Central Life  
INSURANCE COMPANY  
of Illinois**

ALFRED MacARTHUR, PRESIDENT  
211 WEST WACKER DRIVE, CHICAGO



**T**HE EMBLEM of a strong, enduring life insurance company which for 72 years has adhered to principles of justice and friendliness. Well directed and soundly managed, the protection the Equitable of Iowa provides to policyholders and their families is

Outstanding by Any Standard  
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**EQUITABLE  
LIFE of IOWA**

HOME OFFICE - DES MOINES



# Sales Ideas and Suggestions

## Value of Ownership of Life Insurance Stressed

PEORIA—The value of the ownership of life insurance was brought home in a convincing way to the 775 agents who set a new attendance record at the annual sales congress sponsored by the Life Underwriters Association of Peoria in conjunction with the fall meeting of the Illinois Association of Life Underwriters. The testimonial, "Why I Bought Life Insurance," by Charles T. Davies, Wyomissing, Pa., million dollar policyholder, held the audience closely, while three producers in their sales talks stressed the necessity of the agent owning life insurance himself so as to give conviction to his sales talk.

Although Peoria has always been noted for its well attended sales congresses, the 1939 meeting under the chairmanship of Chester T. Wardwell, Connecticut Mutual general agent at Peoria, exceeded the past attendance record by over 300.

Despite the fact that the program was well balanced with strong speakers, Mr. Davies stole the show. He covered much the same points that he brought out at the Million Dollar Round Table in St. Louis and before other associations. His intimate conversational style held the audience closely.

### Aims to Help Others

Mr. Davies said that his ambition is to help others to put \$5,000,000,000 of life insurance on the books. He said he was not interested in life insurance from a dollars and cents standpoint but what it did for him. He said that since he had lived longer than either his father or mother, he is dedicating his life bonus to doing something worth while by helping others.

"If you have the intestinal fortitude to go out and put in a real day's work, you will certainly get paid for a real day," T. M. Green, million dollar producer of the Massachusetts Mutual Life at Oklahoma City, declared. Necessity for a positive state of mind was stressed by Mr. Green. Every prospect should be approached with the idea that "I am going to see Mr. So and So and am going to create an estate for his family. I will do the thing that I have set out to do."

Agents should pick their prospects carefully so as not to call on the same old bunch day in and day out. The best thing any agent can do is to go over his prospect file and throw out about 75 percent of his cards and start over again. Men who keep on saying they can't afford to buy insurance should be forgotten as there are plenty of men who can afford to buy and will buy if their wants are discovered. It is a question of seeing the right people at the right time.

### Preparedness Is Essential

The necessity of preparedness before the interview was emphasized by Mr. Green. He compared the agent's approach with minute preparations made by a surgeon and his staff before an operation when nothing is left to chance. In approaching a prospect Mr. Green said an agent should use simple words as the average person is not interested in technical details of a policy but what it will do for him. Calls should not be made upon the prospect until all possible information regarding him and his family situation is secured. The agent should be careful not to do all the talking but be a good listener. While the prospect is talking he should not be

interrupted but be allowed to finish whatever he starts out to say.

It is better to inquire rather than to attack because when the agent moves in for an attack the prospect will throw up his defenses. An inquiring attitude encourages the prospect to let down his barriers which permits the agent to get inside. Arguments should be avoided. When the sale is made the agent shouldn't quit and celebrate for that is the best time in the world to make another sale. Enthusiastic approach and enthusiasm for the prospect beget sales.

### Review Results Every Night

A review of results every night was urged by Mr. Green. He is a great believer in getting the money with the application and at least 95 percent of his business is prepaid. Motivating stories of the dire results of failures to get cash with application secure prepayment.

"If you have the proper vision of this business and make up your mind to do a satisfactory volume of business, opposition on the part of your client will make very little difference," Mr. Green declared. "With the proper knowledge, enthusiasm and determination you can do the job."

### Service Gets Business

With service to policyholders as his prime objective, L. E. Roethig, Metropolitan Life manager Waterloo, Ia., wrote \$1,000,000 of ordinary business in three years on an industrial debit in Milwaukee. He told of methods used in achieving this record.

To appreciate ordinary records made by industrial agents, the many duties the industrial man performs, such as collecting, accounting, paying of dividends, making policy changes and settling claims for 250 to 300 families, must be taken into consideration, said Mr. Roethig. Time control is an important factor. If an agent skillfully plans his day and prepares ways of eliminating waste time and lost motion, he can finish his debit work at 2 p. m., providing he starts out at 8:30 in the morning. The rest of the day can then be spent on prospecting and selling. If he will put in three evenings a week in calling on at least two selected prospects each evening his success will be assured.

### Deal Honestly with Problems

The necessity of an agent dealing honestly with the insurance problem of his prospect and serving his present policyholders with efficiency and promptness was stressed by Mr. Roethig. Prospecting is one of the most discouraging jobs the agent performs, but success depends upon it. His real job is to build up a reservoir of qualified prospects if his production is to be continuous.

Mr. Roethig maintains a detailed card prospect file. He always endeavors to get names of prospects whenever he interviews a prospect or policyholder. Each family group represents a prospect nest. Mr. Roethig told how he had sold an \$11,000 policy to one man, and from that original contact developed prospects to which he sold more than \$500,000 ordinary in a three year period. The average policy placed in this group was \$6,000, 75 percent were sold on binding receipt on the annual premium basis and over 97½ percent renewed each year during his agency career.

Success depends on getting business, servicing and keeping it in force. Mr. Roethig urged agents not to aim too low in their ordinary production. He de-

clared that any agent can increase his production 10 to 50 percent by following effective methods now available.

Mr. Roethig is careful in servicing policyholders, calling on them at the time of age changes or special events, such as births, deaths, or promotions occur. He makes a service call twice a year on each policyholder.

In preparing a program for a policyholder, Mr. Roethig said that primary needs should be considered first. Every family needs cleanup and emergency funds, educational funds, life income for wife after children are grown, mortgage coverage and retirement income for the assured.

In interviewing prospects, Mr. Roethig uses visual aids and tells human interest stories. "Life insurance will always do what it says it will do in good times and bad. There is no uncertainty about it—no ifs and ands. The real definition of life insurance tells the whole story, and the definition is—to make sure," Mr. Roethig declared.

### Contrasts Past and Present

In discussing "Building a Career," William M. Duff, president the Edward A. Woods Company, Equitable Society, Pittsburgh, and National association trustee, in a graphic way contrasted present day conditions with those of 1895, when he joined the Woods agency. At the turn of the century the Equitable would run an advertisement in the morning newspaper attacking a competitor and another company would answer it in the afternoon. A series of pamphlets was available making direct comparison of companies with such headings as "Equitable Society vs. New York Life." Constant attempts were made to undermine competitors. One company which had taken over 11 cows on a farm it foreclosed listed them in its financial statement. Other companies ridiculed such an investment and said it indicated the instability of the company. Another company took over a saloon on a foreclosure and this was called to the attention of church people. Net cost competition was prevalent. Mr. Duff minimized the net cost situation by saying: "No widow ever asked what the net cost had been when the claim was paid."

In developing himself as a career man, the life underwriter should have a home in a good neighborhood, belong to organizations and clubs, dress decently

and travel so that he will have a broad background. Mr. Duff said that any one with average intelligence and a little effort can make a living selling life insurance, if he will do certain things.

### Has 15 Paid-Up Policies

The value of an agent having his own life insurance program was stressed by Mr. Duff. He has 15 paid-up policies representing \$47,000 face amount and \$29,000 cash value, and he has a circular showing them to prove he believes in what he sells. Altogether Mr. Duff has over \$500,000 in life insurance. An agent should own life insurance if he is to sell it, as the best evidence of his belief is the amount of life insurance he owns. No agent who tries to get along with less than seven hours a day work can make a success of the business. Mr. Duff is a great believer in keeping records and he has production records from the time since he first started in the business. The average insurance man doesn't do enough paper work, he said. Doctors and dentists keep records and the agents should do likewise. Poor production records usually indicate those who do not keep records.

### Regular Habits Desirable

The desirability of regular habits, especially financial, was stressed by Mr. Duff. An agent doesn't get into financial difficulties if he lives within his income. He urged agents to get acquainted with and make themselves at home with people who can be potential customers.

The need for making a great many contacts was stressed by Mr. Duff, who said that the bee who makes honey doesn't stick around the hive. Ingenuity has to be used in prospecting. As an example he told of one agent who spotted a man who placed a large bill on the contribution plate at church and then approached him for insurance.

Mr. Duff, who testified before the Temporary National Economic Committee in Washington last week, complained of the unfairness of the investigation. He said an attempt was made to show that a man making \$80 a month should not own as much as \$5,000 life insurance. Such comparisons are incomplete unless the kind of a policy the man owns is considered and whether or not he is located in a city or rural district.

## Importance of Preparation Stressed at Cleveland

Five outstanding speakers were heard at the annual Northeastern Ohio Sales Congress, sponsored by the Cleveland Life Underwriters Association. Frank L. McFarlane, president, welcomed the visitors. Ross M. Norris, first vice-president, and Clarence E. Pejeau, second vice-president, presided at the two sessions.

Paul F. Sanborn, Boston general agent Connecticut Mutual Life, speaking on "Business Life Insurance," said that in late years many have been selling "bargains," such as rate changes, last chances to get this and that, and now it's the last chance to get insurance before the war clause goes on.

Business life insurance, said Mr. Sanborn, can be made very simple or very complicated. Some of the greatest sales are made by simple statements in a simple way. There is no reason why all underwriters should not sell business insurance from time to time. There are many advantages. Ordinary life is the

usual sale; premiums are paid annually; the business is consistent; it has valuable by-products as it offers leads for individual coverage and usually competing corporations will follow.

### Pre-Approach Is Important

The stock purchase and the shock absorber plans provide two packages to sell. Since the corporation pays half the premium on the lives of any of its members insured, there can be no great resistance. However, the need must be presented.

Business life insurance is not new but it is better understood today. The pre-approach is important. It is important not to present the case to persons who can do nothing about it. The key men in the company and those of greatest influence must be determined in advance of the real interviews.

"Consider the company's financial status in advance; use corporation reports as required by the state, or get

Dun & Bradstreet service. You can then approach with a working knowledge of the financial setup. Get confirmation of the value of the president. Usually other members lean heavily on the president for support. Get agreement as to the definite loss if he should pass out of the picture. The president's death will cause a certain financial loss or he wouldn't be holding the position he does. Company officials must likewise guard against unworthy or unfit persons gaining control of the stock," Mr. Sanborn said.

#### Agents Are Essential

A. R. Jaqua, associate editor "Diamond Life Bulletins," speaking on "The Golden Decade," said that there wouldn't be 10 percent of the insurance in force today if it were not for the agents. Banks and similar institutions fail when they can't sell their assets fast enough to provide an income which will offset the outgo. In the life insurance business, during the past 10 years, with very few exceptions, the incoming premiums have been sufficient to pay all claims and more. The agents have been responsible for this and the institution of insurance has been stronger as a result of their sales influence.

The fact has been well proven that agents are a necessary part of the insurance business; that insurance must be sold.

#### Prospecting Prime Success Factor

Manuel Camps, New York general agent John Hancock Mutual Life, speaking on "Prospecting," advised that there is no more important part of the agent's success than prospecting. No matter how strong he might be in other ways, he will fail if he can't prospect.

Mr. Camps called for a show of hands of all who agreed that prospecting should take 70 percent of the time, and all agreed unanimously. He then asked how many put in one full day a week in nothing but prospecting. No hands were raised, indicating that no one put

in even 16 percent of one's time at it. He said: "We ought to have an organized sales talk for prospecting just as we have a good selling talk on insurance."

An agent should never run out of names and have no one to call on. Names can always be obtained from centers of influence or other sources, including the people to whom you pay bills. A good idea which has worked well is to take a classified list of names in a certain field and then ask authorities in that field to cross off the names of those they consider poor prospects for insurance and not worthy of calling on.

"Lunch with the centers of influence rather than agents whom you can't sell anything. Your wife and children are good assistants to prospecting. Direct mail is a very definite adjunct. Keep a stream of five or six letters a week, and if you get one case a year it will pay for the trouble and expense. I think a little cold canvassing is good for you. Remember, the prospect is only cold the first time you see him. After that he will know you and you will know him. Develop a technique and become skillful at it. Keep a list of at least 50 names on hand at all times," Mr. Camps urged his audience.

#### Dewey Mason Talks

Dewey R. Mason, Syracuse, N. Y., general agent Aetna Life, speaking on "Let's Decide," captivated his audience with a discourse on common weaknesses, dramatizing humorous "boners" of his own early days in the business to effectively indicate what not to do.

"We all started, presumably, with the same equipment," he said. "From then on our ways and success were divergent. Remember the boundless enthusiasm when you started, the blows to your confidence, the faith in the company and the knowledge that people needed your product. Every once in a while someone bought from you despite your academic ways."

"Later you found you could not bank on the early kindergarten methods. You began to learn more about other companies than your own. You brushed up on other companies' affairs and learned technical terms that qualified you as an expert. Too many of us, in fact, perfected ourselves in the things not worth doing well."

Charles J. Zimmerman, Chicago, president National association, spoke on "The Job of Selling." The National association, he said, will oppose the entrance of the federal government as a supervising or control factor in life insurance. There has already been too much centralization of power and loss of state rights, he declared.

## AGENCY MANAGEMENT

### Illinois Managers Meet in Peoria

PEORIA—A special managers meeting was held here preceding the annual sales congress of the Life Underwriters Association of Peoria and the fall meet-



KENNEY E. WILLIAMSON

ing of the Illinois Association of Life Underwriters.

Kenney E. Williamson, co-general agent of the Massachusetts Mutual Life at Peoria, presided. Mr. Williamson was in charge of the program for the managers section at the National association meeting in St. Louis. Reports were given on various talks at St. Louis by F. J. Manning, Metropolitan Life; W. Lee Mullen, Sun Life of Canada; C. W. Reuling, Massachusetts Mutual Life; Frederick A. Schnell, Penn Mutual Life; Lester O. Schriver, Aetna Life, all from Peoria, and Francis P. Beiriger, Connecticut Mutual, Rockford. In addition to commenting on the St. Louis talks, the speakers added their own experience.

There were 50 present at the meeting, exceeding the expected attendance of 30. Only a quarter of those present had been in St. Louis for the National meeting, so that the discussion was entirely new to the majority.

In the discussion period the selection problem was dominant. All agreed that the future of the business depends upon better selection and a smaller number of more able agents. Insurance owes the public a fully equipped, modern and intelligent agent's service, Mr. Williamson said in summing up the session.

The entire morning was devoted to the managers program, which was the first time the managers actually had a separate meeting. Illinois companies were particularly cooperative, all of them having a number of managers present.

### Cashiers' Organization Is Extending Its Membership

SAN FRANCISCO—Life Agency Cashiers Association in Los Angeles and Philadelphia are the latest to be granted membership in the Life Agency Cashiers Association of the United States and Canada, according to A. F.

White, president of the international group.

Plans are being completed for presentation of a "Founder's Trophy" each year to the member association scoring the highest number of points for its activities in the preceding year. Headquarters of the association for the succeeding year will also be determined in this manner. Forms have been forwarded to all member associations by C. W. Toon, secretary.

The organization is now issuing a publication known as "The Cashier," which goes to all local associations. Material will be forwarded on request of any groups interested in forming their own local associations. Communications should be addressed to President White at 155 Sansome street, San Francisco.

### New Association in San Diego

At the first meeting of the San Diego Life Managers & General Agents Association since organization, Clark E. Bell, New York Life, Los Angeles, president California Association of Life Underwriters, and George H. Page, president Life Insurance Managers Association of Los Angeles, presented greetings.

E. C. Janney, Pacific Mutual Life, is president of the association, and Roy Chafe, Acacia Mutual Life, secretary.

### Hear Convention Reports

Highlights of the convention of the National Association of Life Underwriters were given at a meeting of the Life Insurance Managers Association of Los Angeles by Joseph Charleville, executive secretary; President George H. Page, Alex Dewar, H. G. Mosler, R. C. McCord, John W. Yates and T. G. Murrell.

### Metzger Talks in Hamilton, Ont.

Clarence B. Metzger, president of the Buffalo Life Managers Association, addressed the Hamilton (Ont.) Life Managers Association at its first anniversary meeting.

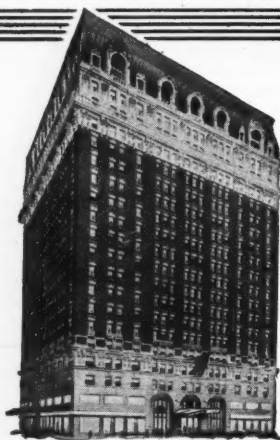
### Arrangement Made as to Examinations

DALLAS—John L. Briggs, assistant secretary Southland Life, as president of the Institute of Home Office Underwriters, has announced that an arrangement has been made with the Life Office Management Association to have underwriters working for companies having membership in the Institute take examinations in "selection of risks" courses offered by the L. O. M. A. without having to take the 10 preceding examinations usually required.

### Purpose of Plan

"This is purely a temporary arrangement," said Mr. Briggs, "made with the idea that there are men with experience in underwriting who are not in position to go back and start from 'scratch' in all L. O. M. A. educational courses, but who would like the opportunity to pursue a well-rounded course in selection of risks. Enrollment must be made before February, 1940, for examinations to be taken in May, 1940."

Complete details may be had by writing the educational committee, composed of W. H. Harrison, Ohio National, chairman; Walter Menge, Lincoln National, and W. E. Jones, Provident Life & Accident.



### The New Headquarters of the CHICAGO ASSOCIATION of LIFE UNDERWRITERS

- Make The LaSalle your office . . . your home . . . your headquarters when in Chicago. It is in the very heart of the insurance and financial districts, close to the theatres and shopping district.
- New in decoration and furnishings. Large comfortable newly furnished rooms.
- Dining and dancing in the Blue Fountain Room.

COCKTAIL LOUNGE ● COFFEE SHOP

Reasonable Rates  
"Foremost in Friendliness"

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**LA SALLE HOTEL**  
Chicago



**THE  
GUARDIAN LIFE  
INSURANCE COMPANY  
OF AMERICA  
NEW YORK CITY**



**A MUTUAL COMPANY  
ESTABLISHED 1860**



Throughout the past 88 years the Massachusetts Mutual has earned a reputation for able, progressive management, and sympathetic understanding of its policyholders' problems. The company has ever been alert to the modern trend and has kept its judgment flexible, constantly adjusting itself to meet new problems of protection and conservation.

*Massachusetts Mutual*  
**LIFE INSURANCE COMPANY**  
Springfield, Massachusetts  
Bertrand J. Perry, President

**Strictly  
ON the record . . .**

Unlike so many incidents we learn "off the record" these days, Provident's progress is very much an open book. The records are there for all to see.

LIFE . . . . . ACCIDENT  
SICKNESS . . . HOSPITAL  
GROUP

**PROVIDENT**  
Life and Accident  
Insurance Company  
Chattanooga—Since 1887—Tennessee

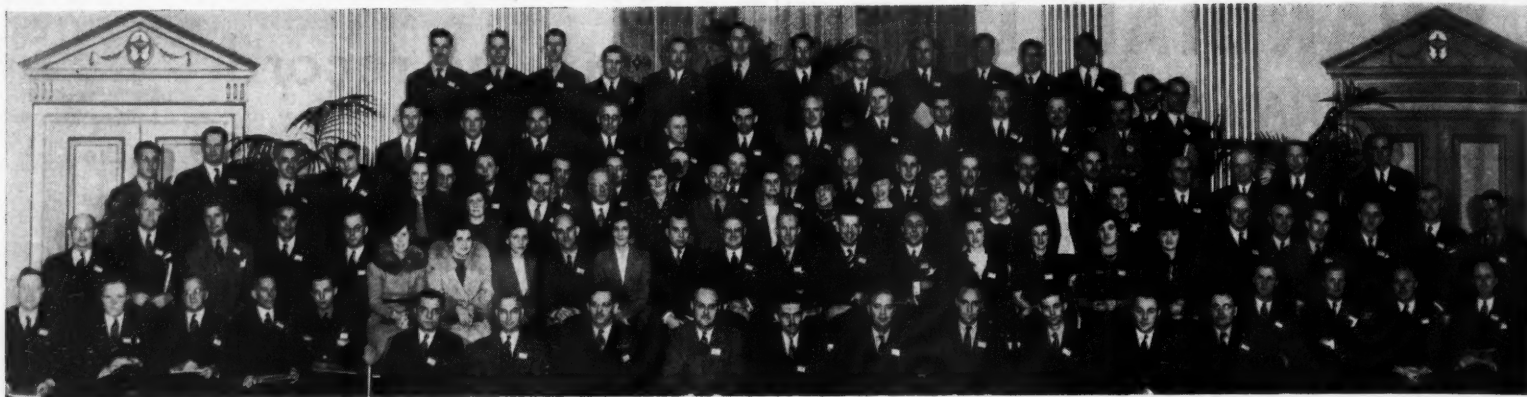
**OUR AGENTS ARE PROUD  
OF THIS**

We have scores of letters from Beneficiaries which say, "Although Mr. Blank carried policies in several companies, yours was the first check to be delivered to us. We are grateful for this very prompt service."



**BANKERS MUTUAL LIFE CO.**  
FREEPORT, ILLINOIS  
*Founded in 1907*

# LIFE VIEWS IN THE NEWS

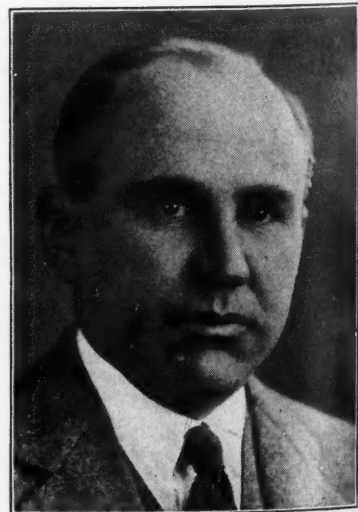


(Above) Group attending annual meeting of Life Advertisers Association at Detroit recently.

(Right) Head table group at New York affair in connection with Annual Message week: Seated (left to right)—I. C. Behan, Massachusetts Mutual, Annual Message chairman; William Allen White, Emporia, Kan., editor, speaker of the day; Benjamin Alk. Penn Mutual, president New York City Life Underwriters Association; standing: H. J. Johnson, immediate past president National Association of Life Underwriters; Superintendent Pink of New York; Seneca M. Gamble, Massachusetts Mutual, Annual Message publicity chairman.



(Below) Brig. Gen. C. R. Boardman, who is president of Wisconsin National Life of Oshkosh, was the principal speaker at ceremonies in connection with the unveiling of a statue in his city called "The Hiker" in tribute to the soldiers of the Spanish-American war. Wisconsin National writes both life and accident and health. October production was in the nature of a testimonial to President Boardman, because during the month he reached his 79th birthday.



John M. Holcombe, Jr. is the capital figure this week at the annual convention of the Research Bureau and Life Agency Officers in Chicago, in his capacity as general manager of the bureau.